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EWS SUMMARY

RAL

homson meet GA ders

Thomson, chairman of International Thomson sation, is to meet leaders e National Graphical ation to discuss the dis- which has halted all pro- of Times Newspapers ations for seven months.

Thomson rejected a is request for a meeting ioe Wade, NGA general ry, shortly after the sus- of publication. He re- d to a new request after Thomson Organisation meeting on Wednesday. ate has been fixed for the g but it is expected to t week. Back Page

clear pact

rime Ministers of Come- Eastern bloc's economic ng, signed an agreement manufacture of equip- or atomic energy stations will pave the way for massive transition to r power envisaged for the in 1981-1990. Back Page, Review. Page 3

sulate sacked

office of the British ry consul in Managua has ransacked by Nicaragua al Guardsmen, presum- king valuables. The U.S. ment today begins formal with the anti-Somoza onal government in a City. Page 5

aka 'plot'

sian security forces claim e captured documents in Lusaka raid this week show that Zipra guerrillas Joshua Nkomo are plan- o disrupt next month's nwealth conference.

g bomb lead

p calling itself the Julien Brigade of 25 June, claimed responsibility for ssassination attempt on al Alexander Haig, Nato ry commander. Another Vengeance and Liberty, iso claimed responsibility e attack.

bomb threat

Basque nationalist group said it will place three in major Spanish tourist s today unless the nment transfers more 100 alleged ETA members n Soria maximum security to jails in the Basque ry.

mstar' fails

ermo Vilas, who "won" the bledon title in the film rs just released, could make life imitate art yester- The number six seed went in four sets to 19-year-old rican Kim Wilkinson. John ett, Page 9

ti-EEC Bill

ony Wedgwood Benn, one he Labour Party's most rmined anti-marketeers, lished a Bill which would rmine the UK's relation- with the EEC. The Bill co-sponsored by five other wingers on the party's utive. Page 9

oslems hanged

an authorities hanged 15 accused of being Moslem emists in the first tough ial response to the wave of ders throughout the country e February. Page 4

iefly . . .

ish supertanker rescued 22 vivors from a tanker which ke in half, exploded and k in the Indian Ocean.

alth Department warned ppers, caterers and cafes inst using Brazilian corned f following 25 food poison- cases in Bristol and the rth. Page 8

illipe Cousteau, son of ench oceanographer Jacques usteau, died in a plane crash Portugal.

BUSINESS

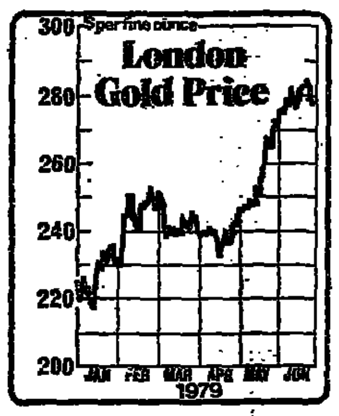
Equities gain 2.4; Gold down $4½

● EQUITY leaders edged forward on selective buying, encouraged by the gilts market where two tap stocks were activated. The FT 30-share index rose 2.4 to 469.2.

● GILTS advanced on revived investment demand and the Government Securities index was up 0.24 at 70.81.

● STERLING rose to a four-year high against the dollar at $2.1690, up 1.30c on the day. Its trade-weighted index increased to 69.4 (68.9). The dollar's index remained at 85.

● GOLD fell $4½ in London to $277½. In New York, Comex July settlement was $278.50 ($278.06).



● WALL STREET closed 2.52 up at 843.04.

● U.S. MONEY SUPPLY: M1 up $400m to $368.9bn; M2 up $2bn to $904.9bn.

● FILM INDUSTRY'S help sweeping tax changes to help its participants retain profits and earnings, says a committee headed by Sir Harold Wilson. It also wants the system changed to stop cash for soft-porn productions. Back and Page 7

● POST OFFICE faces an extra £35m cost for interest charges on money borrowed to pay wages as industrial action by clerical staff held up collection of £500m of telephone bills. Back Page

● NEW CAR sales in the first-half topped the 1m mark for the first time, with the industry expecting a record 1.7m total for the year. Back Page

●UK TRADE DEFICIT with Japan was £370m in the first five months of this year, with exports totalling £245m (up 20.5 per cent) and imports £615m (up 20.6 per cent). Page 6

● U.S. ADVERTISING agency Young and Rubicam plans to acquire Marsteller Inc., another private agency, to form what is expected to be the country's largest advertising group. Back Page

● NATIONAL UNION of Railwaymen rejected a call for a basic wage of £65 a week (over 30 per cent increase), to give negotiators more flexibility in gaining higher rises for some grades. Page 9

● WEST GERMAN trade surplus fell again in May to DM 2bn (£503m), against DM 3.3bn in April. The current account is now almost exactly in balance. Page 2

● CHINA plans to run up a $3.5bn (£1.62bn) trade deficit this year and more than treble its imports of technology and equipment, according to its national economic plan.

COMPANIES

● PLESSEY telecommunications group profits rose by 7.9 per cent to £46.25m on sales of £648m (£611m) for the year to March 31. Results, Page 26; Lex

● REDLAND, which provides building materials and services, saw pre-tax profits rise 13 per cent to a record £45.2m for the year to March 31. Results, Page 26; Lex

HIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 13¼pc 1997	£101	+ ¾
Excheq. 12¼pc 99 A	£15½	+ ⅞
BATs Dfd.	258	+ 8
BPB Inds.	302	+ 6
Baker Perkins	155	+ 7
Brownlee	66	+ 6
Burton A	260	+ 16
GEC	356	+ 10
Heron Motor	52	+ 4
Land Secs.	283	+ 5
Lee Cooper	297	+ 14
MEPC	167	+ 6
Plessey	105	+ 4
Plumpton Race Crs.	53	+ 10
Reardon Smith	125	+ 25
Renold	110	+ 12
Sound Diffusion	123	+ 7
Unilever	594	+ 18
Shell Transport	386	+ 8
Conzinc Riotinto	194	+ 10
Cultus Pacific	19	+ 3
MIM Hldgs.	190	+ 11
Sthrn. Pacific Pets.	325	+ 20
Vlakfontein	80	+ 6

FALLS

Harris Queensway	225	− 7
East Drie.	712	− 25
Elandsrand	350	− 15

Upper limit set of $23.50 for a barrel of oil

OPEC compromise will raise crude price at least 15%

BY RICHARD JOHNS IN GENEVA

The Organisation of Petroleum Exporting Countries reached an awkward compromise yesterday after two days' hard bargaining that will mean an average increase in oil prices of not less than 15 per cent over present levels.

The new OPEC rates, based on an effective two-tier price system, will on average be more than 50 per cent higher than those charged in 1978.

Saudi Arabia, which produces just a third of OPEC production, will sell its oil at $18 a barrel.

Under the new agreement, however, OPEC members will be allowed to add a premium to their basic price, up to an upper limit of $23.50 a barrel. Iran, whose crude oil closely resembles Saudi Arabia's, will sell at about $21-$22 a barrel.

The new rates will mean an increase of 23.7 per cent above the $14.55 set for the April-June period for Saudi oil. In addition, it appears that the kingdom is backdating the rise to the beginning of this month and cutting the grace period for payment from 60 days to 30.

On the upper tier, the rise for the more highly favoured premium grades, such as Algeria's Sahara blend, has been held to 12 per cent over present levels.

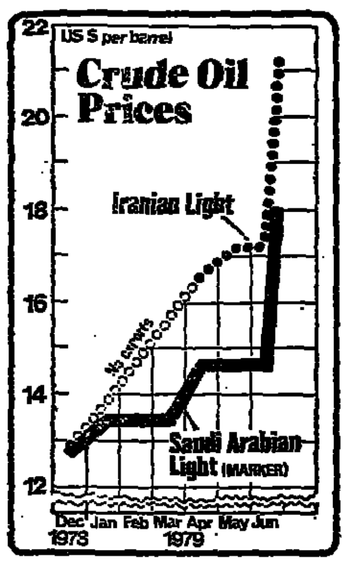
Two big but related questions remained unresolved. The first was whether OPEC members would stick to their undertaking not to exceed $23.50 maximum. The second was whether Saudi Arabia will temporarily raise output from its main producing fields above its official ceiling of 8.5m barrels a day.

There may be a danger that what proved an amicable compromise—unlike the price split in the first half of 1977—might fall apart. Libya and Iraq are understood to have indicated that their commitment depended on other members' not increasing production, with their proviso inevitably focused on Saudi Arabia.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, said that the kingdom had not decided whether it would increase the flow. He is believed to have told some delegations that it is prepared to do so, although that critical subject was not discussed openly at the conference.

Sheikh Yamani has indicated that Saudi policy in that respect might depend on the outcome of the Western economic summit in Tokyo and what leaders there agree upon about curbing consumption.

Last night, Sheikh Yamani gave a warning that unless steps were taken by the consuming countries, oil prices would rise further.



In an interview he gave the impression that he was not totally confident that the OPEC compromise would prove firm. At the same time, he welcomed the proposal by President Giscard d'Estaing of France for strict controls on oil imports.

Sheikh Yamani also said that United Arab Emirates (in effect, Abu Dhabi and Qatar) would align themselves with the kingdom.

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Parliament Page 9 ● Commodities Page 37

Petrol to rise 10p a gallon

BY SUE CAMERON

THE PRICE of petrol in the UK is expected to go up by around 10p a gallon in the wake of the OPEC price rises. The prices of other oil products such as diesel and heating oil will increase by a similar amount.

The OPEC price rises are also expected to push up the retail price index by an extra 0.75 per cent by the end of the year. This is on top of the 17½ per cent annual rate of retail price inflation expected by November.

But North Sea oil prices will rise in line with those of OPEC. Because of this it is thought that the impact on the balance of payments will be relatively insignificant. Britain's imports and exports of oil are nearly in balance—the North Sea is providing enough oil to meet 85 per cent of domestic demand.

The impact on UK inflation and the economy of the OPEC price rises will be partially offset by any appreciation in the value of sterling which might result from Britain's new favoured position in the foreign exchange markets an an oil producer.

The forthcoming increase in petrol and other oil products will reflect not only yesterday's OPEC decision but also earlier rises in the price of Kuwaiti and North Sea oil.

Concern

There was general agreement among the major oil companies that the next round of product price rises would have to be introduced quickly, particularly in view of their present depleted stocks.

The CBI expressed "grave concern" that the OPEC increases would raise business costs "at a time when trade and industry had been given the chance to get the country back on the road to prosperity."

It said the rises again underlined the need for "every possible saving in the use of existing supplies and the development of new energy sources."

The Chemical Industries' Association described the OPEC move as "another instalment in the horror story."

The Road Haulage Association said operating costs of its members would rise between 2 and 4 per cent and would have to be passed on to the customers.

Saudi Arabia cuts credit to 30 days

BY JAMES BUXTON

SAUDI ARABIA is halving the period of credit it allows on its oil sales from 60 to 30 days, effective from July 1. The move will slightly increase the effective cost of Saudi crude, temporarily increase demand for dollars and is likely to encourage other oil producers to follow suit.

Saudi Arabia is understood to have informed its partners in Aramco, the consortium which takes almost 80 per cent of Saudi crude, of the move before the latest Geneva OPEC meeting.

With the new average price for Saudi crude more than $18 per barrel (taking into account the higher priced Berri crude, which accounts for a small part of Saudi output) purchasers of Saudi crude will have to find more than $4bn extra towards the end of next month, on top of the similar amount which they would normally have expected to pay.

One oil company executive said yesterday that the Saudi move had come as a bad blow to the Aramco partners, Exxon, Texaco, Mobil and Standard Oil of California. Assuming an interest rate of about 12 per cent a year, each 30 days' credit is worth about 1 per cent of the purchase price of the oil involved.

Other oil producers, which like Saudi Arabia usually allow their customers 60 days credit, are now likely to follow the Saudi example. Earlier this year Iran unsuccessfully tried to establish a 30 day credit norm and Nigeria has tried to cut its credit terms.

The Saudi move will make it easier for these and other states to impose shorter credit terms and the African producers (Nigeria, Libya and Algeria) may try to impose even shorter credit terms than Saudi Arabia in view of their closeness to the European and U.S. market.

Though the move will marginally increase the cost of oil it is mainly aimed at the oil companies. According to Petroleum Intelligence Weekly the increased cost per barrel would be roughly equivalent to the entire profit Saudi Arabia is to allow the Aramco partners for producing Saudi crude under the terms of the 100 per cent Saudi takeover of the consortium, which has yet to come into effect.

Dollar under pressure

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

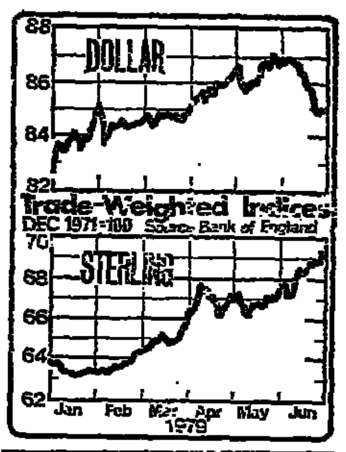
THE DOLLAR came under strong pressure in the foreign exchange markets yesterday and received substantial central bank support.

The intervention—particularly from the West German Bundesbank and the Swiss National Bank—was the heaviest so far this year. The result was that the dollar showed little change on the day against the main Continental currencies after initial declines.

The trade-weighted index, measuring the value of the dollar against a basket of other currencies, as calculated by the Bank of England, was unchanged at 85.0.

The dollar ended unchanged against the D-Mark at DM 1.8445, and fractionally lower against the Swiss franc at SwFr 1.6550, compared with SwFr 1.6570 previously.

Continued on Back Page
Money Markets, Page 30



£ in New York

—	June 28	Previous
Spot	$2.1730-1740	$2.1645-1655
1 month	0.72-0.67 dis	0.65-0.60 dis
3 months	1.92-1.87 dis	1.92-1.87 dis
12 months	5.50-5.40 dis	5.58-5.48 dis

Tokyo summit strives to heal energy differences

BY REGINALD DALE IN TOKYO

THE WORLD'S seven leading industrial nations had made only slow progress last night towards a joint response to the latest energy crisis. But they appeared determined to hammer out a common stance before the end of their two-day summit meeting in Tokyo this afternoon.

After what was described as "not a good day," the heads of government left it to their senior officials to work overnight to try to find a solution to the issue dominating the summit.

The principal split was still between the four EEC countries represented—the UK, France, Germany and Italy—and their three non-European partners, the U.S., Japan and Canada.

The EEC countries, who agreed a common position at last week's Strasbourg summit, want the other three governments to match their commitment to freeze oil imports at 1978 levels until 1985. None of the others wants to go so far without further concessions from the Europeans.

The U.S. delegation is arguing that President Carter can persuade the American people to accept energy sacrifices only if it is clear that other countries are also tightening their belts. For this reason, he wants specific country-by-country targets agreed by the EEC countries, instead of the overall nine-nation Community limit set in Strasbourg.

The UK, Germany and Italy all oppose national targets. Both Mrs. Margaret Thatcher and Herr Helmut Schmidt, the West German Chancellor, believe these are difficult to enforce, and would in any case prefer to place greater emphasis on market forces to bring supply back in line with demand.

A particular problem for Britain is that other countries might insist on a small import quota for the UK, in the light of the domestic availability of North Sea oil. The UK might have to consider getting the import quota increased by offering more North Sea oil to its partners.

A further difficulty is the reference date for future oil restrictions. The U.S. and Japan both want the base year to be 1977, when they had a high level of imports, but the four EEC countries, and most emphatically France, were last night sticking to 1978.

A variety of compromise proposals were being floated. The U.S. proposed that limits should be set for this year and next,

Continued on Back Page
Other developments, Page 4

BAT may buy Mac Market

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BAT INDUSTRIES is negotiating to acquire the Mac Market supermarket chain from Unilever in an attempt to revive the ailing fortunes of International Stores, its troubled retailing offshoot.

The negotiations were announced yesterday by both companies to stem speculation in the grocery trade and the City.

The talks are expected to take several weeks to complete. Although yesterday's statement spoke of a merger between the two chains, there seemed little doubt last night that International would be the dominant partner.

A City estimate put the eventual cost of the take-over at about £20m.

If the take-over goes ahead as planned, Mac Market's 64 supermarkets will be added to the 600 International Stores to create the fourth largest multiple grocery retailer in the UK, leapfrogging Fine Fare and Allied Suppliers. The proposed deal would not include the 200 small Mac Fisheries provision stores.

The attraction of the deal for International is that Mac Market stores, which average 7,500 sq ft in size, are twice the size of an average International Store.

However, it was suggested last night by City analysts and others in the grocery industry that International's real need is for much larger stores than Mac Market's, as well as acquiring a management team with a successful track record.

In the year to the end of December, Mac Markets produced a trading loss of £1.28m on sales of £165m.

In its last financial year, International Stores reported a trading loss of £5.3m on sales of £543m, while this week BAT disclosed a half-yearly trading loss of £2.15m for International.

International and Mac Market have had several senior management changes over the past few years, culminating, for International, in the resignation late last year of Mr. Laurence Hill as chairman.

The supermarket squeeze, Page 8

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For latest Share Index phone 01-246 8026

WORLD REACTIONS TO THE NEW OPEC PRICES

Two-tier structure replaces chaos

BY RICHARD JOHNS

AFTER THREE months during which oil producers have escalated their prices in a continuing game of leapfrog, confusing themselves as well as consumers with totally irrational disparities, the Organisation of Petroleum Exporting Countries has decided on a two-tier price structure.

No one pretends that it is perfect, but delegates say that at least it is an improvement on the previous disorder. Hopefully, the new pricing scheme should last for at least the next quarter, until the end of September.

Basically, it is the same as the one that prevailed in the first half of 1977 after the rift at the OPEC conference in Doha, when Saudi Arabia and the United Arab Emirates limited themselves to an increase of 5 per cent, compared with the 10 per cent insisted upon by the other producers.

However, whereas the split in 1977 was the result of unprecedented disagreement and caused great bitterness, the structure established this time has emerged out of fairly amicable compromise.

Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, explained the basis of the new deal. The kingdom conceded ground by bringing up the price for its Arabian Light "marker" crude, the traditional reference for all others, to $18 per barrel from $14.55, rather than the $17 that it earlier considered to be the maximum desirable for the world's economic health.

But it has emerged that the new Saudi price will be back-dated to June 1, and it has also cut its credit period from 60 to 30 days. In return, the other producers agreed to set a ceiling of $23.50 on their differentials calculated on a higher base.

Sheikh Yamani also claimed that the United Arab Emirates and Qatar would set their prices in line with Saudi Arabia. But the new levels announced here by their delegations indicate that they have pitched them about halfway between the lower and upper price reference.

For instance, the differential, over and above the Arabian Light "marker" for Abu Dhabi's light, relatively sulphur-free Murban 39-degree API gravity crude at $21.56 is $3.56, and that for Qatar's similar Dukhan 40-degree API gravity at $21.42 is $3.42.

As Mr. N. Ait-Laoussine of the Algerian delegation pointed out, the spread for these crudes has traditionally been in the region of $1, and has in the past been adjusted upwards and downwards, according to market conditions.

At the lower tier, the base reference is unequivocally $18 a barrel. Last night, however, there was some confusion among delegates themselves as to what was at the upper end. The official OPEC communique implied that it was $20. It said: "In an endeavour to bring some stability to the market, the conference decided on the following:

1—Adjust the market crude price from the present levels to U.S.$18 a barrel.

2—Allow member countries to add to the prices of their crude the maximum market premium of U.S.$2 a barrel over and above their normal differential, if and when such a market premium was necessitated by market conditions.

3—The maximum prices that can be charged by member countries shall not exceed U.S.$23.50 a barrel, whether on account of quality and location advantage or market premia.

Last night, the leader of the Iranian delegation, Mr. Hassan Nazih, said the price for Iran light crude would be between $21 and $22. The size of the differential would depend on market conditions. The level for Iran heavy would be between $19.70 and $19.90.

Algeria, Libya and Nigeria have all predictably chosen the upper limit for their ultra Light sulphur-free shorthaul crudes.

THE RISE IN OIL PRICES

Type	4th qtr. 1978 price $	Existing price $	New price $	% rise this year
Algeria: Saharan Blend	14.10	21.00	23.50	67
Equador: Oriente	12.35	20.25	20.00	61
Gabon Mandji	12.59	16.00	20.00	58
Iraq: Basrah heavy	11.35	14.80	19.93	76
Iraq: Kirkup	12.88	17.28	22.05	71
Kuwait	12.22	16.40	19.49	59
Libya: Zueitina	13.90	21.31	23.50	69
Nigeria: Brass River	14.00	18.62	23.50	68
Qatar: Dukhan	13.19	17.84	21.42	62
Qatar: Marine	13.00	17.65	21.23	63
Saudi: Berri	13.22	17.87	21.32	61
Saudi: Light	12.70	14.54	18.00	42
Saudi: Medium	12.32	14.05	17.59	43
Saudi: Heavy	12.01	13.64	17.17	43
UAE: Murban	13.26	17.90	21.56	63
UAE: Kakum	13.17	17.81	21.46	63
Venezuela: Santa Rosa	14.99	18.96	23.50	57
Venezuela: Oficina	13.99	17.81	21.85	56
Venezuela: Tia Juana	13.54	17.30	19.00	40

U.S. oil industry faces profit dilemma

By David Lascelles in New York

THE U.S. oil industry reacted with some embarrassment to the OPEC price rise yesterday, because it will increase their profits at a time when Congress is debating President Jimmy Carter's proposal for a windfall profits tax.

One oil company official described the rise as a two-edged sword which will add to revenues but also increase the popular view of "exorbitant" oil industry earnings.

Elsewhere, OPEC's plans made little impact. Both the stock and credit markets had discounted a rise to the $18-20 per barrel level earlier this week, and registered little further change.

Jurek Martin adds: The immediate impact of the price increase is probably to make the U.S. economic recession, which may have already begun, slightly more severe. But the relative moderation showed by Saudi Arabia may temper this effect.

The best industry guess is that the new prices will add about 5 cents to the domestic price of a gallon of petrol and home heating oil. The U.S. Government had previously estimated that this year's oil price increases would add about 1 per cent to the inflation rate and knock 1 per cent off real growth both this year and next.

Commerce Department statistics this week projected a fall of 2.4 per cent in gross national product in the current quarter at a real annual rate. The balance of payments is also likely to be affected, with the price rises adding about $10bn to the current $55bn a year oil import bill. Certainly, OPEC may have contributed to the formation of more of a political consensus between the administration, Congress and the public.

Developing countries bear brunt of price increase

BY JOHN EVANS

THE INTERNATIONAL commercial banking system faces the task of being the most important single intermediary in the transfer of OPEC surplus oil revenues back to the oil-consuming nations for the second time in five years.

The new oil pricing structure agreed by the Organisation of Petroleum Exporting Countries in Geneva will not, in absolute terms, represent such a massive shift of resources into the hands of the oil-producing States as in 1973-74.

But the first sharp oil price rise earlier this decade has left a massive legacy of debt among many nations, and will compound the problems of a smooth financing of the balance of payments deficits of many oil-importing countries, according to economists.

Initial calculations among international banks suggest that less developed countries will feel the brunt of OPEC decisions most heavily. The developing nations face a combined current account balance of payments deficit this year of $47bn, according to estimates yesterday by the Amex Bank economic unit in London.

The concern among the primary producers of commodities and metals is that slowing world economic activity will damage their exports. Amex Bank economists believe that this danger may be over-stated, as the U.S. economy shows no definite sign of moving into a prolonged recession.

Nevertheless, the combination of oil prices and an inevitable world slow-down will probably expand the developed world's combined deficit to some $55bn by 1980, they feel.

The impact on the OPEC nations' balance of payments position this year is still unclear. Bankers suggest that the oil producers should enjoy upwards of an extra $45-$50bn of revenue this year, bringing total revenues to the $170bn-$180bn range—compared with $105bn in 1974.

The ultimate home for surpluses is raising concern among the banks, particularly the American institutions. The harsh reaction in the Arab world to the Egypt-Israel peace agreement may prove to have reverbations in the monetary field. The recent weakness in the dollar has been linked in part to alleged OPEC sales of dollars.

This is a rise from the $34bn aggregate deficit which these countries suffered last year, and the $39bn of deficits in 1975, the previous peak year for payments inbalances.

In Paris, latest estimates from the Organisation of Economic Cooperation and Development (OECD) indicate that total borrowing on international capital markets is likely to rise around 10 per cent this year to $110bn.

The OECD added that recent oil price developments will increase current account deficits, which will have to be financed. But it said that estimates are still hazardous.

Barre says aims are threatened

BY TERRY DODSWORTH IN PARIS

M. RAYMOND BARRE, the French Prime Minister, reluctantly recognised yesterday that his cherished aim of maintaining last year's hard-won trade surplus has been totally undermined by rising oil prices.

He went on to admit that prices will also be pushed over the 10 per cent barrier, destroying another of the Government's main economic targets for this year.

An indication that the country's improving exports would not be sufficient to absorb the rising cost of oil imports was contained in last month's trade figures. These showed that the favourable balance achieved in the first four months of the year had been almost nullified by the FFr 1.2bn May deficit, almost all of which was due to oil imports.

Speaking at a press conference yesterday, M. Barre said that the trade account would be in slight deficit for the year, after absorbing oil imports costing FFr 18bn more than expected. But France still expects to maintain its balance-of-payments surplus, he said.

M. Barre stressed, however, that the Government was determined not to be deflected from the main lines of its economic policy.

The unexpectedly high price rises, which compare with the Government's objective of under 9 per cent for this year, would not lead to an unleashing of inflation, he said. The Government intended to maintain a strict control over the money supply and was hoping for a continuation of the present modest trend in wage increases.

He added that the main effect of the rise in oil prices will be felt next year. For this reason, the authorities will give a further modest stimulus to economic activity, following on the lines of the recent package. But this would be kept to a prudent level.

Companies in UK face a double price blow

BY OUR FOREIGN STAFF

SHELL OIL UK, Esso and British Petroleum indicated yesterday that, apart from Wednesday's OPEC announcement, they were also being hit by earlier rises in oil prices.

Shell said that Kuwait oil had risen from $16.40 to $19.30 a barrel at the start of June, and the price of North Sea oil had risen in line with this. These rises had increased its costs by £200m.

It is believed that Esso petrol and other oil products may go up by between 10p and 12p a gallon, with the OPEC increase accounting for roughly 8p.

British Petroleum, which takes some of its oil from both the North Sea and Kuwait, will also be affected by earlier oil price rises as well as by the latest OPEC increases.

Iran's earnings to go up by £742m a year

BY ANDREW WHITLEY IN TEHRAN

IRAN stands to gain at least $1.63bn (£742m) a year in extra oil income because of yesterday's decisions at the OPEC conference in Geneva.

The estimate is based on the present production level of 3.9m barrels a day being maintained, and on Iran applying only the limited surcharges its type of oil and market position entitles it to within the newly-agreed spread of $20-$23.50 covering all OPEC members except Saudi Arabia.

Oil analysts here believe Iran's current exports of 3.17m b/d will be priced at about $20.70 for the higher quality light crude, and $20 for heavy. They say higher surcharges would not be justified if the OPEC members are to establish rational price differentials.

EUROPEAN NEWS

Fuel crisis strains Soviet links with East Europe

BY LESLIE COLITT IN BERLIN

YESTERDAY'S DISMISSAL of Herr Klaus Siebold, East Germany's Energy Minister reflects the severe strains over fuel supplies which have developed between the Soviet Union and its six East European Comecon partners.

Comecon has ended a three-day summit meeting in Moscow at which the most divisive issue was that of Soviet energy supplies to Eastern Europe in the first half of the 1980s.

Herr Siebold is being blamed for last winter's virtual collapse of electricity output and the resulting fall in industrial production, when brown coal supplies for power stations were frozen in open-cast mines. His successor has been named as Herr Wolfgang Mitzinger. The Russians have told the East Germans and their other partners that they will have to cut sharply the amount of electricity used in factories, which is higher than in the West, while expanding industrial output.

East European economic officials in East Berlin say Herr Siebold's dismissal reflects the tensions within Comecon over Soviet oil and natural gas deliveries to Eastern Europe.

The six Comecon allies of the Soviet Union have called on Moscow to step up its annual oil and gas deliveries to make up for the sharp rise in OPEC oil prices this year. Most small Comecon countries, with the exception of Romania, import some 90 per cent of their oil and gas from the Soviet Union, and Moscow has said that this percentage will remain in coming years.

The East Europeans, however, are now forced to make up the difference between the 80m tonnes of Soviet oil they are getting this year—now estimated to be 40 per cent cheaper than OPEC oil—and their needs by buying extra Soviet oil for hard currency, at prices "as high as those on the Rotterdam spot market."

Even the normally compliant East Germans are speaking openly of the consequences of a Soviet freeze on oil deliveries because of shortfalls in present Soviet oil production.

Herr Willi Stoph, the Prime Minister, told the Comecon conference that East Germany sees the expansion in deliveries of "important raw materials and fuels as a central question in co-ordinating plans for 1981 to 1985."

Mr. Alexei Kosygin, the Soviet Prime Minister, said, however, that Moscow for its part is dissatisfied with the "technical level" of the mechanical engineering products it gets from the other Comecon countries, mainly East Germany and Czechoslovakia, in payment for the oil and gas it exports to them.

W. German May trade surplus falls

By Jonathan Carr in Bonn

WEST GERMANY'S trade surplus fell again in May and its current account was almost exactly in balance. The result is a much lower surplus on both counts in the first five months than for the same period of 1978.

Figures issued yesterday by the Federal Statistical Office in Wiesbaden show a trade surplus in May of DM 2bn (£503m) compared with DM 3.3bn (£829m) in April and DM 3bn (£754m) in May last year. The current account (after deductions for services and transfer payments) was virtually in balance after a surplus of DM 500m in April and of no less than DM 1.3bn in May, 1978.

The trade surplus for the first five months totals DM 13.2bn after DM 15.5bn in the same period of 1978, and the current account surplus likewise is DM 4bn after DM 6.1bn.

In value terms, West German exports have increased this year against January-May 1978 by 12 per cent and its imports by 16 per cent. In volume terms, exports are up by 9 per cent and imports by 11 per cent.

West Germany can thus point to a trend which helps boost the exports, and economies, of other trading nations and which thus goes some way to answer critics of its persistent trade surpluses. It can also point to a large export of capital this year, in contrast to 1978, although it is uncertain whether this trend is durable.

Pakistani 'nuclear expert' found

BY CHRIS SHERWELL IN ISLAMABAD

THE SCIENTIST who allegedly acquired for Pakistan the plans for a uranium enrichment plant is now directing work at an engineering laboratory in Islamabad, which is thought to be closely involved in Pakistan's controversial attempts to acquire a nuclear capability.

According to reports already published in the U.S. and Europe, the scientist, Dr. Abdul Qader Khan, worked at FDO Technical Works in Amsterdam, when it was a sub-contractor for the gas centrifuge being built at Almelo, Holland, by the Anglo-German-Dutch consortium Urenco.

He is said to have had access to the Almelo plant's plans and brought them home to Pakistan after he finished a two-year stint in Amsterdam in 1975. Now he has been traced to an organisation known as ERL, which stands for Engineering Research Laboratory.

The laboratory is hidden near some trees and behind high walls and fences near the main runway of Islamabad's international airport.

When I visited the site yesterday morning and asked to see Dr. Abdul Qader Khan I was told he was not available, but I was informed that he was "one of the directors."

Most of the direction on Pakistan's uranium enrichment project is believed to emanate from ERL. Signs inside the offices there urge people to keep secrets, burn unneeded documents, and keep an eternal vigilance. Like many official buildings in Pakistan, however, its looks hardly match its importance.

The disclosure regarding Dr. Abdul Qader Khan comes only a short time after the French Ambassador to Pakistan and a First Secretary at the French Embassy were attacked as they returned from Kahuta, 25 miles southwest of Islamabad.

Kahuta is widely believed to be the site where Pakistan's main enrichment plant is being built. An official spokesman yesterday acknowledged there were nuclear facilities at Kahuta.

The French diplomats are thought to have been looking at the site from the main road, and beaten up as a warning to others.

A third site, at Sihala, about 12 miles southwest of Islamabad, is also thought to be connected to the uranium enrichment project.

Shrouded in trees, the area cannot be seen from the road or from a small hill nearby. But signs outside restrict entry, demand proof of identity and, intriguingly, forbid smoking. Security is tight.

Foreign journalists were called into the Pakistan Foreign Office yesterday for a briefing and told a malicious propaganda campaign was being conducted against Pakistan.

The spokesman repeated the Military Government's past assertions that the country's nuclear programme is for peaceful purposes and that work on enrichment is being done only at the research level.

He also insisted that components bought in Europe, allegedly for the enrichment plant, were not items of which export was forbidden.

'Serious breach' of Berlin accord

BY OUR BERLIN CORRESPONDENT

EAST GERMANY has abolished one of the last symbols of four-power authority in East Berlin by ending the special status of the city's deputies. The move, made with explicit Soviet approval, is regarded by the three Western allies as the most serious breach to date of the 1971 four-power agreement on Berlin.

East Germany's Volkskammer has voted unanimously to end the appointment of its 66 East Berlin deputies by the East Berlin City Council. From now on, the East Berlin deputies to the Volkskammer are to be directly elected by East Berliners.

West Berlin's deputies to the Bundestag in Bonn have likewise been appointed until now by the Berlin House of Representatives.

Herr Dietrich Stobbe, West Berlin's mayor, has called for the East German move a "provocation against detente." The West German Government has also condemned the East German action.

East Germany's latest measure to erase East Berlin's four-power status is thought to have been prepared long in advance. The announcement, however, comes as an apparent retaliation against the inclusion earlier this month of three West Berlin delegates in the newly elected European Parliament.

Dutch MPs cautious on nuclear energy

By Charles Batchelor in Amsterdam

THE DUTCH Parliament yesterday approved a motion calling for the Government to be extremely cautious ocer nuclear energy. Mr. Dries Van Agt, the Prime Minister, faced a stormy session in the Lower House, during which he was taken to task for his approval of nuclear energy at last week's European summit in Strasbourg.

Mr. Van Agt was accused of pre-empting a public debate, which is to start later this year and is expected to continue for a further two years.

Dutch MPs took exception to Mr. Van Agt's compliance with the wording of the final communique from the Strasbourg summit referring to a revival of nuclear energy and the need for nuclear power to sustain economic growth.

Surplus of Swiss foreign assets at SwFr 147.2bn

BY JOHN WICKS IN ZURICH

SWITZERLAND LAST year showed a net foreign assets surplus of about SwFr 147.2bn (£41.4bn), according to estimates calculated by Union Bank of Switzerland (UBS). This surplus, which compares with one put at SwFr 139.1bn for 1977, is the difference between Swiss assets abroad, valued at some SwFr 360.3bn, and Swiss foreign liabilities, of about SwFr 213.1bn.

Within the assets total, bank assets abroad are given in the UBS figures as having risen from SwFr 123.4bn to SwFr 132.7bn in 1978, and security holdings from SwFr 112.1bn to SwFr 121.6bn. Other assets of the private sector included direct investments down from SwFr 45.4bn to SwFr 44bn—a result of the higher Swiss franc exchange rate, rather than of any net disinvestment—as well as insurance investments of SwFr 17.5bn compared with SwFr 16.5bn in 1977, and private land ownership unchanged at about SwFr 1.6bn.

Official monetary reserves went up over the year from SwFr 36.4bn to SwFr 42.9bn.

In the liabilities sector, banks' liabilities rose from SwFr 95.9bn to SwFr 106.5bn in 1978, and the securities figure from SwFr 68.6bn to SwFr 73.3bn. Direct investments in Switzerland went up from SwFr 12.2bn to SwFr 12.5bn, and insurance investments from SwFr 12.7bn to SwFr 13.5bn. Private land ownership is valued at SwFr 7.3bn for last year, compared with SwFr 6.9bn for 1977.

Ecevit survives attempts to unseat him

By Metin Munir in Ankara

TURKISH PRIME MINISTER Bulent Ecevit today survived the last attempt by the right wing oppositon parties to force a vote of no confidence before Parliament recessed for four months. His Social Democratic Republican People's Party once again boycotted the session.

But Mr. Suleyman Demirel, the right-wing main opposition leader, vowed to bring back Parliament to an extraordinary session to oust Mr. Ecevit. "The minute this government steps into this Parliament it will fall," he said.

Our Athens Correspondent adds: The Greek Parliament yesterday ratified Greece's Treaty of Accession to the EEC, after a four-day debate, which was boycotted by the Socialist and Communist parties. Of the 196 MPs present, 191 voted for the treaty.

Italians return Baffi's passport

BY RUPERT CORNWELL IN ROME

DR. PAOLO BAFFI, governor of the Bank of Italy, has been given back his passport, confiscated a week ago by magistrates investigating the affairs of the troubled Societa Italiana Resine (SIR) chemical group.

Dr. Baffi will thus be able to attend the important Basle monthly meeting of central bank governors on July 9 and 10, which it had been feared he would have been forced to miss. The move also may have averted the threat of a precipitate resignation by Dr. Baffi who has already announced his intention of stepping down by the end of this year.

The latter possibility was being played down yesterday. However, Dr. Baffi has not concealed the personal hurt the SIR affair has caused him.

Indeed, it has been reported here that a preliminary request by his lawyer to have the document back was turned down by the magistrates leading inquiries into the allegedly irregular appropriations of public funds for SIR. Its return was only secured, according to Bank of Italy officials last night, by a direct request to the government authorities.

The SIR affair blew up in March, when Dr. Baffi, and Sig. Mario Sarcinelli, a joint deputy director-general at the central bank, were charged with withholding evidence in connection with SIR. In May, more serious charges were brought, of misdirecting public funds. They have firmly denied all the accusations.

The release of the passport has not dispelled the widespread anxiety and indignation created by the SIR/Bank of Italy affair. Pressure is mounting for the judicial inquiries to be speeded up, in the interest of the reputation of one of Italy's most respected institutions.

Sig. Paolo Baffi

Auditors criticise Paris Opera

BY TERRY DODSWORTH IN PARIS

EACH SEAT at the Paris Opera cost the French taxpayer FFrs 360 (£39) in 1977, while some of the workmen in the building were known to claim for 221 hours of overtime work a month.

This is one piquant example of public expenditure to be drawn from this year's report of the French Cour des Comptes, the independent National Auditing Authority, whose annual account of the less-celebrated aspects of French administration sends a frisson through the corridors of power.

The auditors' targets can be virtually anything in the public domain — hospitals, local authorities, universities, research establishments or the nationalised forestry industry.

This year they have been particularly severe on the methods of running motorway and parking concessions, the financing of immigrant housing, and the Paris Opera.

Discussing the opera accounts, the report shows that expenditure has tripled in less than 10 years, mounting from FFr 50m in 1969 to FFr 150m (£16.3m) in 1978, with the State contribution rising from FFr 41m to FFr 117m.

Personnel costs have risen the fastest, with many artistes being paid through companies "more or less fictitious" in countries well known as tax havens.

The report is critical of the way some local authorities run their parking concessions. Contracts are frequently insufficiently researched, it says, while agreements are not put out to tender, often last for an excessively long time, without safeguard clauses.

On motorways, the report recognises that the policy of handing out concessions to private organisations has helped France to catch up on the construction backlog.

But it adds that some companies are earning excessive profits while taking little risk, and it recommends an overhaul of financing procedures.

The report has also highlighted the financial problems faced by Sonacotra, the official organisation for housing immigrant workers, which has been running up big losses (FFr 48m in 1976), and which as recently been hit by rent strikes).

It underlines the discrepancy between rents and expenditure, and indicates that the company needs new capital and, above all, a redefinition of objectives.

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NERGY REVIEW

BY DAVID FISHLOCK

Europe's electricity pool keeps the power flowing

ELECTRICITY which toast for breakfast in ...els or Paris this morning ...eory at least could have from as far afield as ...e. Europe's electricity sup- system is inter-connected ties and knots entwining ...al of 24 countries, so that ...lit-second notice a utility ...ouble can count on help its neighbours to keep the r flowing.

...tain, weakly tied into this ...al aid scheme at present ...gh a small (and unreli- cable to France, has plans much stronger inter-con- ...on by the early 1980s. It then begin to enjoy the advantages of being part huge electricity machine ...antly swapping electricity ...fitable but duty-free.

East Europe, the Comecon ...ries, busily constructing own electrical power also see advantages in ...gthening their present ties with West Europe.

... scale of the European ...t market" in electricity, ...f the electricity producers' ...tious plans for the next ...ears, were disclosed at the ...'EDE congress in Warsaw ...r this month. The 24 ...ber-states of the Inter- ...nal Union of Producers Distributors of Electrical ...gy, representing all West ...pean countries together Hungary and Poland from Comecon bloc, discussed a ...t summarising Europe's progress in managing ...nal electricity industries ...mutual security of supply for profit.

...rope today has 130 cables ...en countries capable of ...ling about 55,000 mega- ... This represents about 12 ...ent of the total generating ...ity of these countries. equivalent to the total ...ating capacity of the ...st European producers, the ...al Electricity Generating ...d, which supplies England Wales. But Europe has ...cts agreed which will ...d the capacity of its ...connections by 40 per cent ...e mid-1980s.

...ns are under discussion ...ld another 20 per cent to capacity. That would bring ...apacity for transfers across ...ers to 90,000 MW. Provided continent as a whole con- ...s to build enough power ...ts the risk of a major ...down in electricity sup- ... anywhere in Europe will ...ually recede during the next decade. Some of the latest proposals, however, raise ticklish diplomatic as well as technical questions.

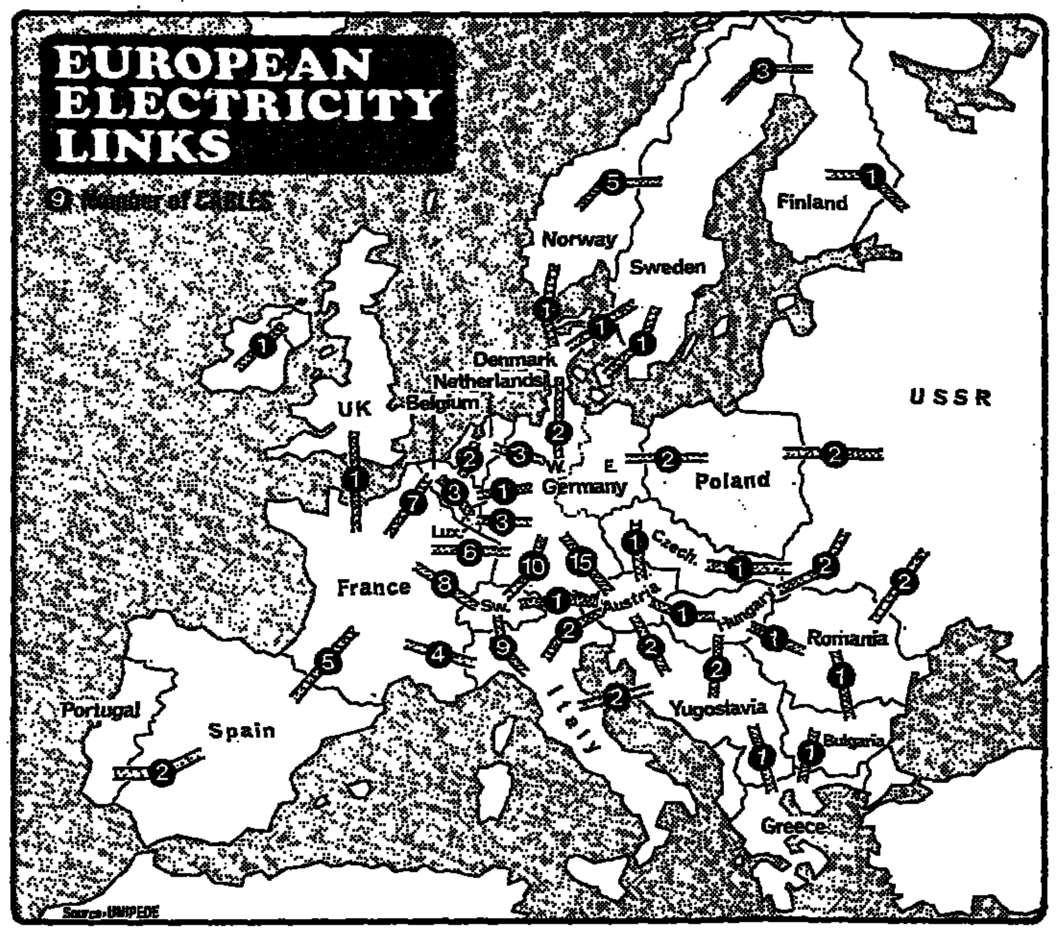
The system at present provides for much more than emergencies. Energy conservation was the original motive. Producers with big hydroelectric plants in central Europe wanted to prevent "spillage" when their reservoirs were full, by selling electricity to neighbouring nations, instead of letting water run off unused. In 1958 the electricity networks of France, West Germany and Switzerland were linked experimentally, soon to be joined by Italy. From bilateral agreements the scheme developed rapidly to embrace 13 countries interconnected by a homogenous 400-kilovolt electricity transmission system striding on its 24-metre towers across frontiers throughout western Europe.

Breakdown

Today these countries are trading internationally more than 5 per cent of the electricity they generate. Spillage has been almost eliminated. A crisis can bring split-second support from a neighbouring country. If the breakdown seems likely to persist—say, the unplanned loss of the output of a big generator—a phone call between utilities will guarantee further support. When Electricite de France suffered a major collapse of its system recently, utilities in Spain and West Germany helped it to begin delivering power again. In addition, longer term deals are struck when utilities foresee a surplus or deficit of generating capacity.

Superimposed upon all this emergency activity there is a spot market profitably selling surplus electricity at the margin. It takes advantage of small differences in the times of peak demand between neighbouring nations, and differences in the type of generating plant. The benefits of being part of this mighty electricity machine differ from nation to nation. But Mr. Maurice Dwek of the CEGB distinguished five benefits in his report in Warsaw. They are:

1. Savings in investment in generating plant or other means for securing the electricity supply. (One country reported that it worked on the assumption that 10 per cent of its peak demand could be bought from abroad.)
2. All-year-round economic benefits from electricity trading—the result of differences in marginal operating costs.
3. Back-up in case of a breakdown of a bigger individual unit than utilities might otherwise be willing to build.
4. Support for a country which finds its new plant slipping behind schedule.
5. Reduction of operating margins and requirements for "spinning reserves" (that is, generators kept ticking over, ready at a moment's notice to put out power).



The Soviet Union announced on Wednesday it is planning to link its power grid with the West German one, with a line running through Poland, West Berlin and East Germany. The announcement has focused attention on Europe's electricity supply system, which now has 130 international cables connecting 24 countries. Britain is tied only weakly to this "mutual aid" system, but it also has plans to develop stronger links by the 1980s.

Britain, on the western periphery of this power pact, has been plugged in since 1961 through a 160 MW submarine cable on the bed of the English Channel. It proved valuable to Britain in the severe winter of 1962-63, when the grid was badly affected by icing. But since then it has been very vulnerable to damage by trawlers and ships' anchors, and has also been rapidly overtaken by the growth in demand.

Later this year, subject to the results of public inquiries on each side of the Channel into the siting of the terminal stations, the governments of Britain and France are likely to give final financial approval to a scheme for a new 2,000 MW interconnection. When completed, in 1984, it will join a British grid of about 80,000 MW of generating capacity, just over 50 per cent of which will be coal-fired, with a French grid of about 75,000 MW of capacity, over 50 per cent of which will be nuclear power.

By then Britain, although it will have only 10 per cent of its capacity in nuclear plant, expects to be getting 20 per cent or more of its electricity from this source. It will trade overnight some of its modern coal-fired electrical capacity with France—"coal-by-wire," as the practice is called. France in turn will trade some of its modern oil-fired electrical capacity by day. Each will keep in its own nuclear electricity, which has the lowest generating costs.

The economic case for the project—expected to cost upwards of £250m (March 1978 prices)—goes well beyond the provision of emergency services. The link is expected to be constantly in use, taking advantage of differences in the times of the two peaks in power demand each day. It will also save oil for both countries.

Norway and Denmark claim they have demonstrated the economic case for such a connection, with their 500 MW submarine cable in service since 1976. It exchanges Norway's hydroelectric surplus for off-peak coal- and oil-fired electricity from Denmark, which Norway can use to recharge its pumped storage plants overnight.

According to Mr. E. L. Jacobson, managing director of the Danish utility, Elsam, the connection has already repaid its capital investment. It has strengthened Denmark's role as a "cross-roads" for elelctricity transfers between Scandinavia and central Europe, which in turn has given Denmark a more robust grid of its own.

Power pool

Britain and France plan to manage their cable in a way which will give each the advantage virtually of an additional 2,000 MW of capacity, for less than half the investment of one unit. But in order to achieve the very high load factor this implies, the connection itself must be very robust. Hence it is to be buried about 1.5 metres deep in the (often rocky) bed of the channel. Experiments are starting this summer to find a way of embedding the four 500 MW cables. Developments are already well advanced which will allow the two utilities to flip at a moment's notice from 2,000 MW flowing one way to 2,000 MW travelling in the opposite direction.

These technical developments have begun to arouse interest in other countries. Belgium has proposed a North Sea cable, to help secure its electricity supply against the growing problems of finding sites in a small, crowded country. For Britain, the advantage would be that through Belgium it would be interconnected with the big electricity grid of West Germany. This would also establish a loop back through France, tying Britain very tightly into the power pool of central Europe.

The Irish have also proposed such a connection across the Irish Sea. Thwarted repeatedly by IRA bombs from any hope of taking advantage of the large surplus of generating capacity shortly to become available in Northern Ireland, they have turned to the CEGB for help. According to Mr. Sean Tinney, the Electricity Supply Board's director of generation and transmission, it is so important for his utility to have extra power to match a high rate of growth in the economy, and back-up for the 600 MW nuclear plant it proposes to blild at Carnsore Point, that it is willing to pay the whole cost of a submarine cable from Wales. He wants a start to be made in the mid-1980s, taking full advantage of the experience gained with the Anglo-French link. And he points out that since Irish industry has no experience in this field, the business would anyway go straight to Britain.

Terrorists

For the CEGB itself, there is no obvious advantage from a link with a small utility whose power—25 per cent of it from small peat-fired plant — is expensive and in short supply. Moreover there will always be a risk that terrorists will turn their attention to the connection. The proposal, in turn, has prompted Northern Ireland to ask for a submarine cable to Scotland to export some of its oil-fired power (and perhaps import some nuclear power).

This would raise the possibility of its surplus power finding its way to Dublin via Scotland, England and Wales. Both of these schemes await decisions from the British Government.

In eastern Europe there is another power pool which wants to strengthen its electrical ties with western Europe. The Comecon countries are planning to expand their own electrical network in unison, with a common pool for the manufacture of nuclear plant as well as mutual aid in electricity supply. Five already have interconnections with the West: the Soviet Union with Finland; Czechoslavakia with Austria (which also plans to purchase "coal-by-wire" from Poland, to be transmitted via Czechoslovakia); Bulgaria and Romania with Yugoslavia; and Hungary with both Austria and Yugoslavia.

Mr. Imre Benkó, head of Hungary's office for power station and network design, argues that there should be more study of the advantages of east-west interconnection. His country, he says, is ready to disclose details of its new 750-kilovolt ultra-high voltage transmission connection with the Soviet Union, commissioned only in February.

For transmission engineers, ultra-high voltage systems with their spectacular 20 ft flash-overs are an exciting prospect as they contemplate the cheapest way of moving electricity over distances of upwards of 1,000 miles. But the capital cost and the complications of controlling an interconnected grid working at three voltage levels—220, 440 and 750 kV—has cooled the enthusiasm of most European countries.

Britain, France and West Germany have all concluded that their own systems could expand about four-fold in installed capacity before they need to think of ultra-high voltage, so that any decision can safely be put off for another ten years.

The UNIPEDE Congress in Warsaw also made plain that the West was well satisfied with its present highly informal and decentralised system of controlling the grid. The Comecon countries have a more centralised system managed from Prague.

For the present, therefore, the opportunities for close electrical ties between East and West do not seem too hopeful. For at least two "frontier" nations this raises delicate diplomatic problems. Both Greece and Yugoslavia need the advantage of close ties with a large power pool. They must soon decide whether to make these ties to the 750 kV Comecon network or the 440 kV grid of Western Europe.

OVERSEAS NEWS

AFTER THE MIDDLE EAST AIR BATTLE . . .

Syria hangs 15 accused of Moslem terrorism

By Roger Matthews

THE SYRIAN authorities executed 15 men accused of being Moslem extremists at dawn yesterday in the first really tough official response to the wave of murders throughout the country since February.

The death sentences were carried out 12 days after the massacre of army cadets at a military academy in Aleppo and only hours after the air battle fought by Syrian and Israeli jets over southern Lebanon.

Syrian pilots interviewed on television claimed to have shot down two U.S.-supplied F-15 war planes in Wednesday's clash and lost four of their own MiG-21 aircraft.

The Syrian air force has now been placed on full alert and observers are anxiously waiting to see whether Wednesday's battle was an isolated incident or whether it heralds a new and dangerous phase in the Syrian conflict with Israel.

With Israel having rejected thethe American note of protest over the use of the advanced F-15 aircraft for non-defensive purposes it might be reasoned that Syria could drive a further wedge between Israel and the U.S. by continuing its aerial patrols over Lebanon with the consequent risks of further clashes.

At the same time it could make Egypt's "alliance" with Israel and its isolation from the rest of the Arab world still more acute.

The men who were executed at the central jail in Damascus yesterday were all alleged to be members of the extremist Islamic sect the Moslem Brotherhood. They are said to have participated in a number of killings earlier this year. Since the Aleppo massacre, in which over 80 military cadets were killed or wounded, nearly 200 members of the Moslem Brotherhood have been arrested and are awaiting trial before the supreme State security court.

Mr. Ahmad Iskandar, Syria's Information Minister, has claimed that the majority of the 200 were directly implicated in the Aleppo killings. It can therefore be expected that further executions will follow in the coming weeks.

Although the authorities deny that the majority of those who died in Aleppo were members of the minority Alawite sect to which President Hafez al-Assad belongs, they do admit that the killers may have been trying to cause sectarian strife within the country.

The four or five different factions of the Moslem Brotherhood are claimed to have been smashed in the latest round up. But the authorities do not rule out attempts at further murders.

Israel is unrepentant

BY ANTHONY McDERMOTT IN JERUSALEM

ISRAEL is unrepentant over the air battle over Lebanon on Wednesday in which five Syrian MiG fighters were shot down. Officials and most newspapers alike reject any parallels between that incident and two previous dogfights in which Syria lost several aircraft, and which heralded the 1967 and 1973 Middle East wars, on the grounds that the contexts are completely different.

The Jerusalem Post today said: "In 1967 Syria was anxious to induce Nasser to make war. And, prodded by Moscow, Nasser took the bait. In September 1973, on the other hand, Egypt and Syria had already decided to make war. Today the situation is more complex."

Remarks by Syrian pilots on Syrian television that they were ordered to attack the Israeli planes are cited as evidence that Israel's role in the dogfight was defensive. The Israelis maintain, too, that President Assad, because of his domestic troubles, provoked the incident in an effort to unite the divided Syrians against Israel, the old foe.

At the heart of the problem is the fighting in south Lebanon between the Christian militias, which Israel actively supports, and the Moslem and Palestinian forces. This has spilled over into rocket attacks on settlements in northern Israel. In addition, Palestinian guerrilla raids elsewhere in Israel have been stepped up.

Wednesday's air raid by Israeli aircraft was the eleventh operation over Lebanon — in Israeli eyes the sole active area open to the Palestinians—since the April 22 Palestinian sea attack on Nahariya, when four Israelis were killed. Israel also resents the presence of 26,000 Syrian troops in Lebanon as the peace-keeping Arab deterrent force, maintaining that its main role is to give assistance to the Palestinians and Moslem left-wing forces.

However, there is more than a suspicion that Wednesday's operation was in part aimed at teaching Syria a lesson. Firstly, Syria is well aware that its air force is no match for Israel's — especially when not integrated with its sophisticated missile defence system, as in Syria proper. In addition, there have been reports that the U.S. has repeatedly raised the matter of a possible Israeli-Syrian confrontation, warning that selecting targets only one or two kilometres from Syrian bases was bound at some stage to provoke the Syrians to respond. For some weeks now Syrian aircraft have been going up in response to Israeli attacks, but until Wednesday, had always kept at a respectable distance.

The view here is that Wednesday's clash will not affect negotiations with Egypt and that, if necessary, the same tactics could be used again. But the U.S. is unhappy at the use of F-15s across the border in an attacking role. Furthermore, it is Israel's practice to vary the pattern of retaliation; for example, through naval bombardment or artillery fire across the Lebanese border. It seems likely that Israel will attempt to keep down the level of its open retaliation in Lebanon until President Sadat and Mr. Menachem Begin, Israel's Prime Minister, meet early next month in Alexandria.

ROGER MATTHEWS, in Damascus, examines the pressures on Syria

Assad's delicate balance of power

ONE OF the strengths of Syria's President Hafez al-Assad has been his refusal to act precipitously in response to actions which might be construed as a threat to his regime. In a country that during its 33-year history as an independent state has been notoriously prone to coups. This characteristic, and of course, President Assad's acute understanding of power and the means of maintaining it, has played a major part in ensuring the past nine years of relative stability.

In the past fortnight, however, he has suffered two assaults on what has to be, in the last analysis, the essential foundation of his authority—the military. First, on June 16 over 80 military cadets who were being instructed in the use of Soviet surface to air missiles were killed or wounded in a particularly brutal attack on a military academy in the northern town of Aleppo, not far from the Turkish border. Then, on Wednesday, either four or five Syrian MiG 21 jet fighters were shot down in a dogfight with Israeli planes over south Lebanon.

The Aleppo massacre appears to have been an attempt to whip up sectarian strife within Syria, while the Israeli action was a sharp and bitter reminder of the extent to which President Assad is stretched militarily, and the lack of options open to him.

These frustrations have been fuelled by President Anwar Sadat's unilateral Egyptian-Israeli peace treaty and the knowledge that while Syria would still prefer a negotiated settlement to the Middle East conflict, it cannot have a serious military option while Egypt pursues a policy independently from the rest of the Arab world.

Although never a flamboyant political leader in the style of President Sadat, this narrowing of possibilities, when combined with the Syrian commitment of nearly 30,000 troops to Lebanon, has forced on Mr. Assad a degree of patience that might be considered in more militant circles as a sign of passivity or vulnerability. Even the rapprochement with its former Arab enemy Iraq has not served to give the impression of a dynamic foreign policy, while with the economy almost stagnating at home and suffering a continuous military drain, there has perhaps grown up a more fertile base for dissent.

President Anwar Sadat

Of all the taboo subjects in Syria, the most sensitive is that of ethnic and religious sectarianism. Mr. Ahmed Iskandar, the Minister of Information, claimed during a ninterview this week the he was being asked for the first time by a journalist, or indeed anyone else, which of Syria's many sects he came from. Mr. Iskandar is an Alawite, a Shiite Moslem sect representing about 11 per cent of the Syrian population and coming principally from the Lattakia area.

President Assad is also an Alawite, and there is ample evidence that during the past two decades this sect, once held in some contempt, especially by the wealthier members of the orthodox Sunni Moslem majority, has advanced tremendously in both economic and political terms. This is graphically illustrated in a new book "The struggle for power in Syria" by Nikolas Van Dam (Croom Helm Limited) a member of the Dutch Ministry of Foreign Affairs.

While President Assad has certainly attempted to strike a delicate balance between different factions and to base his power as broadly as possible—there are only two Alawite members of the 32-member government—this has not prevented resentment building up among Sunnis in both commercial and military life. While many high profile jobs have gone to the Sunnis, the actual purse strings and the command of key military bases remain firmly in the hands of Alawites. The all-powerful Regional Command of the ruling Baath Party is dominated by Alawites.

Thus, when the fanatical Islamic Sect, the Moslem Brotherhood which regards Alawites as heretics, is blamed for the massacre at Aleppo, and the impression gains ground that this was primarily an attempt to kill Alawites, it might be supposed that an attempt was being made to provoke the most dangerous sort of strife. This is certainly that view of the regime.

Western diplomats stress that the country's overall security apparatus remains firmly in the hands of President Assad, however, and there can be no doubting the loyalty of the man who, with a crack division of 20,000 men, is charged with ensuring the continuation of the regime—Rifaat Al-Assad, the President's younger brother and thus also an Alamite.

The general Middle East situation and the possibility that Syria could be drawn, albeit reluctantly, into another war with Israel is the issue of greatest current concern. Syria would be certain to lose disastrously any war with Israel. Wednesday's air battle over southern Lebanon between Syria's aging Soviet MiG-21s and Israel's faster and better armed U.S.-built F-15s shows just how hopeless any wider military conflict would be from Damascus' point of view.

Unless Israel is restrained by the United States it appears determined to humiliate the Syrian military both by its aerial dominance over Lebanon and by its bombardment of Palestinians. It is probable that Israel consciously assessed that Syrian pride would eventually provide the opportunity that came on Wednesday, and full advantage was taken of it.

Meanwhile at home President Assad again has to impress on his military and security commanders the need for restraint, and for a continued presence in Lebanon. Neither role is appealing to the military, and both cause difficulties for the regime. Yet the alternatives are no more attractive and potentially much more hazardous.

At the same time President Assad has to avoid any provocative reaction to the recent killings, while still appearing firmly in control of the situation. It is the sort of tightrope that President Assad is well used to walking, but there are those who believe that the current pressures may be too great for him to maintain his traditional balance.

Japanese growth 'may slow next year'

By Charles Smith, Far East Editor, in Tokyo

JAPAN'S economic growth rate, which could approach 6 per cent in the current fiscal year, is likely to slow sharply in 1980, according to staff members of the highly reputed Japan Economic Research Centre (JERC).

The shift to a slower growth rate next year appears inevitable for two reasons.

One is that rising domestic inflation may prompt more stringent credit policies on the part of the government. The second and potentially more serious factor is a squeeze on Japan's oil imports.

JERC's 1979 economic forecast is that the economy will grow by 5.9 per cent in real terms in the 12 months up to March 31 next year.

This is based on what is admitted to be the slightly optimistic assumption that oil imports during the year will ease by about 3 per cent over last year's levels and that consumption of oil will rise 4.5 per cent reflecting a marginal rundown of stockpiles.

The centre does not think that it will be possible for oil consumption in 1980 to grow by more than 1.5 per cent at the outside; hence its belief that overall economic growth will have to slow substantially.

JERC says it does not expect any serious consequences for Japan immediately as a result of slower growth, although these could follow in future.

Japan's current account surplus, which is not expected to exceed $2bn in 1979, could rise to just under $5bn next year, according to the forecast.

This would still be a low level compared with the surpluses of $14bn and $12bn registered in the fiscal years 1977 and 1978.

However, JERC sees relatively rapid deterioration in the Japanese trade imbalances with the U.S. and Europe. Japanese demand for consumer goods, which has been rising sharply in the past few months, could level off later this year, the organisation says.

That in turn could be expected to produce a slackening in the rate of increase in manufactured goods imports.

The centre points out that the relationship between the increases or decreases in Japan's oil imports and the behaviour of the economy has fluctuated sharply in the past few years, in part because of changes in the nuclear power generating industry.

In 1978 nuclear power increased its total contribution to Japan's energy consumption by 2 per cent, but this reflecte exceptionally high operating levels at the country's nuclear power stations, which are not being maintained in 1979.

Nuclear power may make a smaller, or at best unchanged contribution to total energy consumption this year, says JERC.

'No nonsense' approach by Mrs. Thatcher

BY REGINALD DALE

MRS. MARGARET THATCHER has adopted a brisk, no-nonsense approach at her first venture in world economic summitry.

Black-stockinged and soberly dressed, just right for a funeral according to one participant, she has been sternly urging the other Western leaders to cut the cackle and not let the Tokyo meeting relapse into platitudes.

The message from Tokyo must be in the simplest possible language and not give the impression that the West can take steps to solve the energy crisis that are manifestly impossible, she told yesterday's opening session of the summit.

Her view is that by holding summit meetings, the seven Western leaders are implying that they can offer leadership and must therefore clearly provide it.

After a first meeting with President Carter on Wednesday, described as "warm and congenial," Mrs. Thatcher has been letting it be known that she has no wish to pillory President Carter for the deficiencies of his energy policy—even if privately, the British view is that American energy-saving is the key to unlocking the crisis.

No "guzzling" jibes like those recently emanating from President Giscard of France have come from Mrs. Thatcher.

She has clearly got on well with Mr. Roy Jenkins, President of the EEC Commission, a former political opponent, who was gratified by the support she gave to his analysis of the world economic scene yesterday.

They found themselves in close agreement on the need to prevent wages in Western countries rising to absorb oil price increases.

The joint message was that everyone will have to accept a lower standard of living in the energy-starved world of the future.

Mrs. Thatcher the scientist, has also heen inevidence. She admires the boldness of President Giscard's policy of pushing firmly ahead with nuclear energy in France and would like to do the same in Britain.

She feels that ecological arguments must not be used as an excuse for procrastination and that when the time for a decision comes, it must be squarely taken. We must face facts, has been one of her main themes here.

The response to the energy crisis must lie in improved industrial and agricultural efficiency, to allow for some growth even in straitened circumstances, she believes.

She dismisses arguments that the UK is much better off than others because of North Sea oil. The UK's interests, she said yesterday, were closely identified with those of all the major oil-consuming nations.

The Prime Minister believes she has an important role to play as a catalyst at such summit meetings.

THE TOKYO ECONOMIC SUMMIT

It is too early to make a final judgment, but a catalyst was clearly lacking at yesterday morning's session on the world economy, which was described as "soporific" by one official.

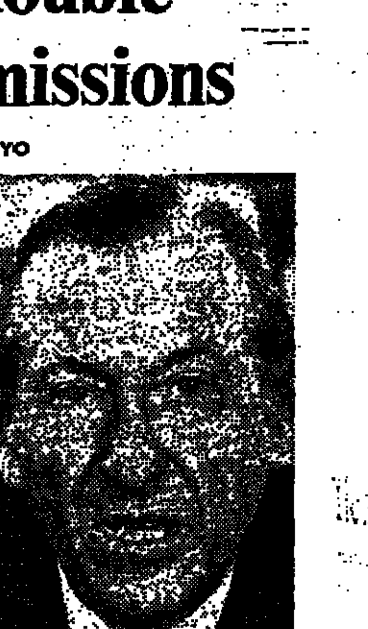
The weakness of Japanese chairmanship was evident again in the afternoon session, which also apparently almost totally petered out at one stage, when people started getting up and walking round the room.

Still, that is not Mrs. Thatcher's fault — and some other European delegations were actually expressing gratification last night that she was seeking to intervene in the formal sessions less frequently than during last week's EEC summit in Strasbourg — her Tokyo dress rehearsal.

Carter to double refugee admissions

BY RICHARD C. HANSON IN TOKYO

PRESIDENT CARTER yesterday committed the U.S. to doubling its quota for resettling the refugees pouring out of Indochina, while reiterating strong criticism of Vietnam for allowing the crisis to develop.



Dr. Kurt Waldheim

The U.S. announcement came after the seven-nation summit adopted a statement calling for "an immediate and major response" to the plight of the refugees and an end to the "disorderly outflow." The UN was urged to convene a conference which will most likely take place in Geneva in the third week of July.

All the heads of State and Government attending the Tokyo summit agreed to increase their contributions to Indochinese refugee relief and resettlement. But the U.S. took the lead in announcing specific plans, apparently aimed at "inspiring" others to action.

U.S. Administration officials said America would increase the quota for resettlemnt from the present 7,000 refugees a month to 14,000 as soon as is feasible.

The increase will last for a year, during which an estimated $150m will have to be spent above the $250m now being budgeted by Congress.

The refugee question will be taken up for further discussion this Sunday when the Foreign Ministers of the five ASEAN nations, Japan, New Zealand, Australia and the U.S. meet in Bali.

It is not known just how enthusiastic the response of other nations will be to President Carter's willingness to accept more refugees.

The arrival of the boat people in Malaysia, Thailand and Hong Kong — the three major recipients, is causing enormous problems for those countries.

The U.S. move is in part aimed at reassuring those States that others will share the burden, thus preventing further turning away of desperate refugees seeking to land.

Reuter reports from New York: Dr. Kurt Waldheim UN Secretary-General last night deferred an announcement about convening an international conference on the Indo-China refugee problem, after conferring with Vietnamese and Chinese diplomats.

He had been due to issue invitations today to between 70 and 80 governments to send Cabinet-level delegates to a two-day Geneva meeting.

No announcement will now be made before next Monday.

Threat to Lusaka conference

By Tony Hawkins in Salisbury

DOCUMENTS captured in this week's raid on Lusaka show that by Rhodesian security forces the Zipra guerrillas led by Mr. Joshua Nkomo are planning to disrupt next month's Commonwealth Conference in the Zambian capital.

One document shown to newsmen here yesterday suggested that delegates' lives might be in danger as a result of attempts by Zipra to force Britain not to recognise Zimbabwe Rhodesia. The document, stamped "most secret" reads: "Demonstrations by our cadres at the conference could be useful in forcing Thatcher's hand, particularly if danger to life is implied."

A spokesman for Rhodesian Combined Operations admitted that it was not clear whether the wording implied a threat to the lives of delegates as a whole or to Mrs. Thatcher in particular. The documents showed also that the guerrillas planned to sabotage any talks between Bishop Abel Muzorewa and President Kenneth Kaunda of Zambia.

Zimbabwe Rhodesia troops launched air and ground attacks against Zipra targets in and near the Zambian town of Lusaka on Tuesday morning. One of the targets attacked was a Zipra inteligence headquarters, codenamed "the vitican" and a military official said yesterday that it had been "the most valuable raid ever made in terms of intelligence gathering."

Lusaka reports suggest that the raid was a flop. Troops ferried back between 500 and 600 lbs of documents in an action which, the military said, might well force Zipra to revise its military strategy now that the Rhodesians know its plans.

Piles of documents were on display at yesterday's briefing, though the most valuable ones were apparently being kept secret. A military official quoted from one of the documents which claimed that there was a possibility of a compromise deal between President Kaunda and the Bishop "in the [illegible]

Pakistan budget deficit soars

BY CHRIS SHERWELL IN ISLAMABAD

THE PAKISTAN Government has projected a budget deficit for the coming year of Rs 11.1bn (about £600m), up more than 57 per cent on last year's record Rs 7.05bn —itself three-and-a-half times more than expected.

Government expenditures are projected to rise a "modest" 12.6 per cent in the coming year to Rs 5.2bn, but resources will increase only 4.6 per cent to just over Rs 4.1bn, with the share of external resources declining to below 20 per cent of the total.

Instead of increasing taxes heavily, Mr. Ghulam Ishaque Khan, Finance Minister, appears to have gone for leniency. Only people earning more than Rs 60,000 a year face a higher tax liability, and those earning less than Rs 20,000—the majority of taxpayers — have received marginal relief.

Petroleum product prices have been increased between 5 and 10 per cent, and duties are higher on natural gas and imported cars. The price of vegetable oil has been raised, and power, rail and postal charges have been increased.

In addition, a 2½ per cent wealth tax on other items. on urban property. This will accompany the religious wealth tax o nother items.

Estate duty has been abolished, but duties have been imposed on previously duty-free items brought home by Pakistanis returning from abroad.

To encourage industry, duties have been cut on imports of raw materials and components for capital goods. A new income t ax law has been promulgated to allow "self assessment."

Nkomo, Mugabe in unity talks

BY MICHAEL HOLMAN IN LUSAKA

MR. JOSHUA Nkomo and Mr. Robert Mugabe, the Rhodesian guerrilla leaders, opened talks in Maputo, Mozambique, yesterday, in the latest of a series of meetings aimed at creating genuine unity between their two organisations — the Zimbabwe African Peoples Union (ZAPU) and the Zimbabwe African Nation Union (ZANU).

ZAPU and ZANU formed a loose alliance, the patriotic front, in 1976, but little real progress has been made towards political and military integration.

Observers here view the present talks with considerable scepticism. It is rare to find a nationalist official who does not privately express pessimism about unity efforts.

Talks this year were given impetus by the Rhodesian internal agreement and subsequent elections in March, and the need to convince members of the Organisation of African Unity (OAU), due to meet in Liberia next month, that the often-professed unity was more than a facade.

The Soviet Union, Cuba and the Front Line states have become increasingly concerned by the continuing split in the guerrilla movement. Against this background, the two nationalist leaders, together with Front Line representatives, met in the Tanzanian capital of Dar-es-Salaam early in April.

The document that emerged carried a frank acknowledgment of past failures, admitting that "real unity has remained elusive" and this had "adversely affected the conduct of the struggle."

Sceptics were proved right. The organisational structure proposed for real unity was subsequently rejected by ZAPU, who among other objections, argued that the allocation of posts favoured ZANU.

The parties met again in Addis Ababa, Ethiopia, from May 10-12, and with some fanfare produced yet another set of proposals. They put forward a joint executive committee—the policy-making body—and a co-ordinating council with equal representation on both of ZAPU and ZANU.

The same principle applied to the eight-member Defence Council and the Joint Operational Command.

At the beginning of this month, another round of talks took place in Dar-es-Salaam, apparently concentrating on the establishment of the joint military command.

So far, no evidence is available that for all the communiqués and Press conferences, the two organisations are any closer to joining together

Mulder aims at comeback

BY JOHN STEWART IN CAPE TOWN

DR. CONNIE MULDER, former South African Information Minister, has emerged as a member of a dissident Afrikaner group calling itself the Action Front for National Priorities.

The group hopes to form a new political party with an ideological position to the Right of the ruling National Party, but Left of the Right-wing Herstigte National Party.

The group also includes two former National Party members of Parliament, Mr. Cas Greyling, expelled last year because he refused to accept party proposals for a new constitutional dispensation, and Mr. Sarel Reinecke.

Dr. Mulder, disgraced by his role in the Government scandal which has left a trail of destruction in the National Party leadership, concedes that the odds are heavily stacked against the new political grouping.

But he is confident of some support, because "many South Africans are deeply concerned about current political trends."

U.S. may buy back Iran arms

By Andrew Whitley in Tehran

IRAN AND the U.S. are negotiating in Tehran on the sale-back to the American Government of unwanted weapons and other military equipment.

One aspect of the discussions, expected to last several weeks, is believed to be the problem of the statutory U.S. ban on the resale of military hardware by the purchaser to third parties.

Among a wide range of items under consideration are thought to be air-to-ground missiles, three refurbished submarines and four "spruance" destroyers.

An U.S. Embassy spokesman yesterday confirmed that U.S. officials were discussing this matter among their other tasks of running down the American military advisory and technical assistance programme in Iran.

On Wednesday evening, Dr. Ibrahim Yazdi, Iranian Foreign Minister, said in a television interview: "Since we do not need some of the weapons and other military equipment, we are interested in selling these back to the U.S."

Relations between Iran and its longtime closest ally remain cool, with little immediate prospects of improvement.

In an interview United Press yesterday, Dr. Yazdi said Iran was sudying the possibility of cancelling the 1959 bilateral defence treaty with the U.S.

Under this treaty, the Shah's regime had received the effective protection of the American nuclear shield against a possible Soviet attack.

Dr. Yazdi said the 1921 treaty with the Soviet Union may also be cancelled.

Iran continues to stick by its demand that Washington replace the man named as the new ambassador to Iran, Mr. Walter Cutler, with someone "who can reflect goodwill towards the revolution."

At present, the U.S. Embassy in Tehran is headed by a senior diplomat of ambassadorial rank, Mr. Bruce Laingen, but his posting is officially only a temporary one. The impasse over Mr. Cutler's appointment remains.

New U.S. envoy puts pressure on Gen. Somoza

DAVID BUCHAN IN WASHINGTON

U.S. has made contact with sides in the Nicaraguan war in an attempt to sell r peace plan that includes replacement of President aso Somoza with an m council in Managua, would then appoint a -based provisional govern- comprising leaders of the omoza rebellion.

te Department officials day would not comment e progress of the politic- lelicate, two-pronged U.S. tive, except to say results r were not discouraging. most unusual diplomatic ment, the new U.S. ssador to Nicaragua d in Managua yes- and saw General za, not to present his ntials but to persuade the g dictator to step down in dance with last week's tion by the Organisation merican States.

the same time, another Department official, Mr. am Bowdler, who played a role in earlier U.S. and mediation attempts held in Panama with leaders of the opposition provisional government which is backed by the Sandinsita guerrilla movement. Mr. Bowdler's task—almost as tricky as that of his colleague, Mr. Lawrence Puzzullo in Managua—is to convince the anti-Somoza opposition to participate in any new constitutional arrangement that can be reached and to forsake the goal of total military success over General Somoza.

While fighting in the Nicaraguan cities appeared yesterday to be still stalemated between the rival forces, the U.S. has given the International Red Cross some of the food aid supplies it had stockpiled in neighbouring El Salvador for distribution to refugees and homeless in Nicaragua.

In the current diplomatic negotiations, the U.S. is acting alone, but State Department officials said the moves were consonant with the OAS resolution and that other OAS countries, who have almost unanimously called for the abdication of General Somoza, were being kept closely informed.

Grounded aircraft cost could reach $250m

BY JOHN WYLES IN NEW YORK

WITHIN THE next few days the Federal Aviation Administration is expected to indicate how much longer eight U.S. airlines will have to cope with the difficulties, and the enormous costs caused by the grounding of the DC-10 aircraft.

The FAA will not discuss its intentions, but a decision is expected next week on the timing and conditions according to which the DC-10 can be recertified. Although the possibility cannot be ruled out that the FAA may insist on structural modifications, which could ground the aircraft for a good deal longer, speculation here suggests that new maintenance and inspection procedures will be the basis upon which the aircraft will be freed for renewed operations.

Recertification should, of course, enable Laker Airways to restore its Skytrain services between Britain and the U.S. promptly, but the full return of the U.S.-owned fleet of DC-10s will be delayed by the need to recertify up to 2,000 pilots, who must spend time on flight simulators and perform three take-offs and landings in the aircraft before they can fly it again.

Most of the attention so far has focused on the problems created for McDonnell Douglas by the first ever decertification of a U.S. aircraft by the FAA, but since June 6 the country's airline system has been groaning under the strain created by the loss of 138 DC-10s. They provided 12 per cent of available seat capacity and 6 per cent of the domestic fleet.

The affected carriers have complained less about the grounding of the DC-10 than some of their European counterparts, but their silence has not meant to convey satisfaction. The FAA estimates that each day the aircraft have been inactive has cost the airlines an aggregate $7m.

If the fleet is back in the air within the next ten days to two weeks, the total bill in lost revenues and unfunded overheads could amount to between $200m and $250m. Some airlines are better able to bear their share of this financial burden than others, but none is anxious to see the DC-10 returned to normal operations without a clear statement from the FAA about the safety and integrity of the design.

Airworthiness

Since it suspended the DC-10's certificate of airworthiness, the FAA has apparently recognised that the crash of the American Airlines jet on May 25 raised serious questions not only about the aircraft's design but also about the effectiveness of its own procedures.

It is now fairly clear that the 273 lives were lost in the Chicago crash because of the failure of an aft bulkhead by which the pylon or engine mount was attached to the wing. It appears that the bulkhead had been cracked some two months earlier during maintenance, when the pylon and the engine were removed from the wing.

McDonnell Douglas recommended the separate removal and reinstallation of the pylon and engine during maintenance but at least three airlines, American, Continental and United, carried out this procedure in one step.

According to Fortune Magazine, Continental reported that it had damaged a bulkhead during maintenance and McDonnell passed on knowledge of this problem to other DC-10 operators in January. According to Fortune, the FAA should have received a copy of Continental's report to McDonnell but the agency denies any record of this.

It also denies that it was aware that the three airlines were departing from McDonnell's recommended maintenance procedures for the removal of engine and pylon. But certainly this procedure now seems likely to be held responsible for the crack in the

Grounding gives TWA a sharp profits boost, Page 33

bulkhead of the American Airlines jet, which worsened during the two months before the crash so that it finally gave way on takeoff on May 25.

This apparently caused the pylon to flip backwards over the wing, severely damaging hydraulic and other systems. This caused the leading edge flaps, which give lift on takeoff, to retract on the left side. Since the flaps were still deployed on the right side, the left and the engine power to the aircraft were unbalanced, causing it to roll sharply to the left and to fall to the ground.

Although it is thought possible that the FAA will order McDonnell Douglas to redesign the pylon structure to assure sufficient back-up support in case a bulkhead fails, most people expect the institution of more rigorous inspection procedures and a ban on any return to removing the pylon and engine in one piece.

In the last few days it appears that an FAA decision has been delayed by the difficulties of explaining serious cracks and other damage to a pylon on a United Airlines DC-10 which were discovered during the general inspection ordered in the wake of the Chicago crash.

These defects were in a part of the pylon which had shown no flaws in the American Airlines accident and have been tentatively attributed to an engine failure during flight.

McDonnell Douglas insists that there is no good reason to prolong the grounding of the DC-10 for one day longer and provides on request a lengthy list of the tests and investigations which have been carried out since May 25. These range from four FAA working parties probing various aspects of the aircraft's design and structure to a re-creation of the crash in wind tunnel tests at the National Aeronautical and Space Administration's test centre in Langley, Virginia.

Flight tests

In addition, an undelivered DC-10 has been put through extensive flight tests by an FAA pilot and, according to McDonnell, subjected to considerably more stress than is encountered in normal flights.

As soon as they are free to fly the aircraft again, the six trunk airlines and two charter operators which own them are likely to spend considerable amounts of money in trying to overcome any public aversion to the DC-10.

This has not been apparent in Europe since the aircraft returned to service but some analysts believe it could take six months for the U.S. travelling public fully to accept the DC-10 again.

But the task of overcoming public anxiety will probably be easier for most carriers than the difficulties of operating without the DC-10. Some, such as Continental and National Airlines, have withdrawn from some routes altogether, but most have totally recast their schedules so as to use other aircraft more intensively and to accommodate as many passengers as possible.

Coming hard on the heels of the United Airlines strike, which removed about 24 per cent of U.S. scheduled airline capacity for all of April and most of May, the DC-10 grounding has caused long queues and uncertain flight arrangements to continue which, allied to the petrol shortage, currently makes travelling in the U.S. a trying experience.

Imports of steel rise by 54%

Stewart Fleming in New York

IMPORTS OF foreign steel the U.S. soared 54 per in May to the highest l since November last , the American Iron and l Institute reported erday.

The biggest increases came mports from Japan and the opean Common Market ntries. The revived import etration, although evident in this month's figures, ausing concern that ims may grow just as U.S. and is about to slow.

eel imports in May lled 1.65m tons compared 1.1m tons in April and a tons in May last year. the first five months of year, imports are still fortably below last year's ls at 6.4m tons compared 9.4m tons.

nocrats pick NY

Democratic Party will hold residential nomination conion next year in New York, econd time in a row the city been selected, Jurek Martin rts from Washington.

e party's site selection mittee voted overwhelmingly favour of New York over oit (where the Republi- are to hold their conven-) and Philadelphia, mainly use of its superior hotel ilities.

Oil supplies show a slight gain

By David Lascelles in New York

A SLIGHT improvement in U.S. petrol supplies is revealed by the latest figures for refinery runs and stocks published yesterday by the American Petroleum Institute, the oil industry's trade association. But the improvement will have to be sustained if queues at petrol stations are to be reduced.

According to the API, refineries were operating at 86.8 per cent capacity last week, up from the 84.6 per cent level of the previous week which drew sharp criticism from Dr. James Schlesinger, the Energy Secretary. However, this was still slightly below last year's level of 87.5 per cent.

As a result, production of petrol rose slightly, from 6.9m barrels a day to 7.1m, just below last year's 7.2m b/d. Production of distillates (heating oil and diesel) also went up (from 3m b/d to 3.1m, the same level as last year.

However, much of the increased output went into stocks rather than to the motorists' petrol tanks. Stocks rose to 227.2m barrels by June 22, up from 223.9m on June 15. The minimum acceptable level to maintain uninterrupted supplies for the whole country is estimated to be around 230m barrels.

Byrd leaves for Moscow

BY OUR WASHINGTON CORRESPONDENT

SENATOR ROBERT BYRD, the Democratic leader, left yesterday for the Soviet Union to explain to Russian leaders the U.S. Senate's constitutional role in ratifying the Salt II arms treaty. He is expected to meet President Brezhnev, recuperating in the Crimea.

Meanwhile, the U.S. has questioned the Soviets over an underground nuclear explosion in the Soviet Union last Saturday, which it is felt here may have exceeded 150 kilotons. This limit, contained in the 1974 threshold test ban treaty, is not legally binding because the treaty never came into force.

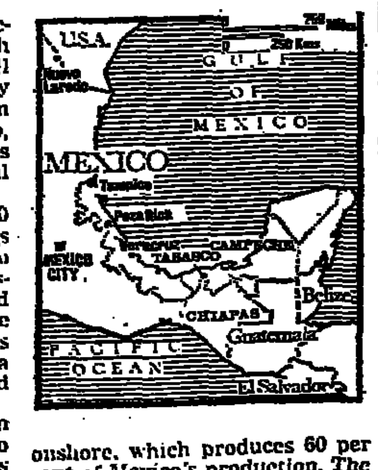
But recent tests by both superpowers have been kept well below it, and the U.S. view is that if the Saturday test was indeed above 150 kilotons, this was an ill-timed move as the Salt debate is getting under way.

Mexican offshore oil comes on stream

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S offshore oil production has come on stream with the operation of the first well in the Cantarell area in the Bay of Campeche, in the Southern corner of the Gulf of Mexico, said to be one of the world's largest offshore fields for oil and natural gas.

Initial production is 19,850 barrels a day, which brings Mexico's total daily output to almost 1.6m barrels. A spokesman for Pemex, the State-owned oil corporation, said that by the end of the month other wells would be in production with a combined total of around 40,000 b/d.



Now that offshore production has started, it thrusts Mexico even more to the forefront as one of the world's potential major oil-producing countries. Mexico is not a member of OPEC. Pemex estimates that the Cantarell wells are capable of eventually producing the same amount of oil as Mexico's state of Chiapas and Tabasco.

The Cantarell wells could be producing between 400,000 and 500,000 b/d by the end of 1980, when Mexico's daily output is forecast at around 2.25m barrels. Four of the 16 offshore platforms are in place, from where 167 wells in Cantarell and two other areas will be developed.

The Cantarell area is about 440 square miles and is deeper than the Reforma-Chiapas zone onshore, which produces 60 per cent of Mexico's production. The oil is of a light grade.

The whole Campeche field is 5,000 square miles, and is believed to be an extension of the onshore field. So far, 11 perforation teams have discovered eight production areas in Campeche, three of them in the Cantarell area. The immense reserves of Campeche have not been stated but, according to Pemex, they could be three times the size of the Reforma field.

Another area in Campeche, known as Ixtoc One, which suffered a blow-out on June 3, since when 30,000 b/d have been belching into the Gulf, is said alone to have reserves of 800m barrels.

WORLD TRADE NEWS

China plans £1.62bn deficit

BY DAVID DODWELL

THE CHINESE Government is budgeting for a £1.62bn ($3.5bn) trade deficit this year and plans to treble imports of technology and equipment.

Economic growth in 1979 will be much slower than in 1977 and 1978, but workers can expect large increases in their personal income as the Government aims for increased consumer spending to revitalise the economy.

China's economic plan for 1979 was published yesterday, but was presented a week ago to the National People's Congress, China's parliament, in a speech by Vice-premier Yu Qiuli, Chairman of the State Planning Commission.

Vice-premier Yu said imports would increase by 32.4 per cent this year, to 24.8bn yuan (£7.45bn), compared with the 1978 increase of 40.1 per cent. Export growth will slow from 30 per cent in 1978 to 14.7 per cent in 1979—total exports will be 19.2bn yuan (£5.77bn). Imports will include technology and equipment worth 4.7bn yuan (£1.4bn)—an increase of 220 per cent on 1978.

A total of 40bn yuan (£12bn) is to be invested in industrial construction this year, of which about 10 per cent or £1.2bn will come from foreign exchange loans.

China has negotiated terms for three major loans so far: a credit line of £3.3bn from France, a credit facility worth £560m from Britain's Export Credits Guarantee Department, and a £930m loan from a consortium of 31 Japanese banks.

Vice-premier Yu said that the boost in imports was "a major policy decision" reflecting the present Government's commitment to rapid modernisation. But emphasis will be put on importing technology and equipment to meet China's light industrial needs.

The economic plan confirms the Government's decision to use the carrot of material rewards to provide the incentive needed to lift the Chinese economy out of the doldrums, boosting productivity and streamlining efficiency.

Vice-Premier Yu warned the nation not to expect rapid growth in the year ahead. After a slowdown in the first quarter, he predicts an industrial growth rate of 8 per cent. Agricultural growth will be much lower, at 2.5 per cent, leading to an overall growth of around 6 per cent.

Mr. Yu admitted that investment for 1979 deliberately neglected heavy industry, particularly steel. This is no doubt because of acute shortages of fuel and power, confirmed by Chairman Hua Guofeng on Wednesday.

In a bid to improve energy supplies, Mr. Yu said that oil-fired power stations were to be converted to coal — in abundant supply in China and for the most part easily recoverable.

Electricity supplies are also to be brought under central control with a national grid being set up.

Australian aluminium plan

TOKYO — Seven companies from the U.S., Australia and Japan will set up a new company in Australia late next month to start a $600m aluminium production project at Gladstone, Queensland from 1982.

A spokesman for Sumitomo Light Metal Industries, one of the Japanese partners, said the new company, Gladstone Aluminium, will be 30 per cent owned by Comalco of the U.S. and 20 per cent by Kaiser Aluminium and Chemical Corporation. Reuter

UK deficit with Japan rises to £370m

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

Britain ran a £370m trade deficit with Japan during the first five months of 1979, with exports of £245m (up 20.5 per cent on a year ago) and imports of £615m (up 20.6 per cent), a spokesman for the British Embassy said yesterday. On an annual basis this would be a deficit of £888m, a substantial increase on the 1978 UK deficit with Japan of £741m.

The trade figures also appear rather unsatisfactory if analysed from the viewpoint of import "coverage"—39.8 per cent of British imports from Japan were "covered" by exports compared with the 1978 coverage ratio of 42.3 per cent.

Although the figures look somewhat discouraging taken as a whole, a month-by-month analysis shows sharp contrasts which suggest that the situation may not be as bad as appears.

UK exports fell by the very steep margin of 37 per cent in February (mainly because strikes held up shipments from Britain) but then grew by 27.4 per cent in March, 45.3 per cent in April and 55.9 per cent in May.

One of the major questions hanging over the future of UK-Japan trade during the remainder of this year would seem to be the prospect for increases in Japanese imports of manufactured goods.

These grew by 53.9 per cent during the first three months of the year and by 49.3 per cent in April, but some slowing down is expected during the latter part of the year.

CANADA'S EUROPEAN TRADE

Facing the American reality

BY LORNE BARLING, RECENTLY IN TORONTO

THE ONCE-POPULAR Canadian concept of reaffirming the country's economic independence through increased trade with Europe, or exercising the so-called "third option," has clearly suffered the same fate as Mr. Pierre Trudeau, one of its main proponents.

The new Government apparently intends to swim with the increasingly strong tide of trade with the U.S., despite the fact Canada is already feeling the effects of America's energy problems.

So far, the GATT negotiations in Geneva have failed to provide any real incentives for renewed Canadian interest in exporting to Europe. On the other hand, the free trade ratio with the U.S. is now being raised to about 70 per cent.

While the policy of North American continentalism is scrupulously avoided in public discussion, Mr. Michael Wilson, Canada's new Trade Minister, recently urged exporters to concentrate on their major market, the U.S.

Trade officials stress that Mr. Wilson's views should not be seen as anti-Europe, but the realities of Canada's trade pattern cannot be avoided. Exports to the U.S. now account for around 70 per cent of the country's foreign sales and the EEC only 9 per cent, compared with 65 per cent and 16 per cent in 1970.

However, the substantial fall in the value of the Canadian dollar against European currencies has made the EEC a considerably better market. Indicative of this is Air Canada's European freight volume, which in the first five months of this year has risen by 40 per cent compared with 1978, indicating that the "third option" is still attractive.

Canadian exporters are also less optimistic than Mr. Wilson about the U.S. market, at least in the short term, because of forecasts of a downturn later this year. Overall, the Canadian trade position is looking increasingly bleak.

It is estimated that the payments deficit this year will

Mr. Joe Clark, Canada's Prime Minister, told Mr. Roy Jenkins, President of the European Commission, at the Tokyo Summit this week that his Government was ready to introduce concrete measures to strengthen trade relations between Canada and the EEC. Agencies report from Tokyo.

amount to around C$7bn (£3.2bn), its biggest ever. This is due largely to an expected surplus of only $2.5bn to $3bn on the current account, which is far too little to offset the traditionally large and rising deficit on invisibles.

In the first four months of this year Canadian imports from the U.S. rose by 27 per cent in value, while exports increased by only 19 per cent.

One of the major problems is the drop in U.S. car sales as prospective buyers await the outcome of the petrol shortage and consider buying smaller cars. Around 70 per cent of vehicles assembled in Canada are sold in the U.S., and although there is a trade surplus on complete vehicles exported to the south, there is a rapidly growing deficit on car parts, which continue to be imported into Canada.

One of the reasons for concern about the "third option" is that Canadian imports from western Europe have increased rapidly in the past three years, eroding what was a healthy surplus in 1976, to what is now a rough balance of about C$5.5bn in each direction.

While trade with the U.S. is also balanced, it has shown much stronger growth in the same period from a total of about C$50bn in 1976 to more than C$70bn a year now. Hence the desire during the next decade for Canada to improve its terms of trade with the U.S.

The details of the GATT deal with the U.S. are now emerging, and it is generally accepted that they are considerably more advantageous to Canada than the terms negotiated with the EEC. However, they also have far-reaching implications for Canadian manufacturing industry, faced with large and highly competitive U.S. companies across the border, which are hungry for new markets.

The U.S. in turn, has agreed to reduce average industrial tariffs against Canadian industrial goods to 4 per cent against 8.9 per cent now, providing a new opportunity for increased exports of higher-value goods rather than raw materials, or semi-manufactures, on which Canada has long depended for a high proportion of exports.

Perhaps the most important single item agreed is that Canada will have greater access in the U.S. to Federal Government procurement business, made possible under the agreement on non-tariff barriers.

Nevertheless, some economists predict that Canada's overall deficit will continue to rise sharply in the next few years, despite its favourable energy position. At the same time there is expected to be an increased demand for foreign investment, which may be stimulated in the short term by the weakness of the dollar.

Although there remains strong opposition in some quarters to the high level of foreign investment and the consequent outflow of profits, capital requirements of up to C$1 trillion (million million) in the next decade cannot be met from domestic sources.

As a means of limiting the requirement for foreign capital, a substantial reduction of the projected current account deficit is now regarded as a priority, particularly through an improved export performance.

It is, therefore, likely that although Canada will continue along the inevitable path of closer trading ties with the U.S., its pressing need to sell more abroad and to attract foreign investment will mean that European countries have an important role to play.

BL in bid for major Saudi bus order

By Our Foreign Staff

BL, formerly British Leyland, is seeking to win part of a major Saudi Arabian order for 3,500 buses and coaches which will be used to provide city and long distance services.

A contract to supply the first 500 vehicles has been awarded to Neoplan of West Germany, and other companies competing include Mercedes Benz, Fiat and Volvo. The overall value of purchases is expected to be about £100m.

The Neoplan buses will begin services in the capital of Riyadh at the beginning of July following their purchase by the newly formed Saudi Arabian Public Transport Company.

The company has altered both its shareholding structure and financing provisions this year and an earlier plan for a foreign operator to hold 10 per cent of the equity has been shelved.

As a result, plans to order the 3,500 buses immediately have been delayed in favour of starting up at once with the limited number of Neoplan buses.

Despite regulations which favour local bus manufacturers, foreign companies' chances of winning orders have been helped by the lifting of a ban on diesel powered bus engines. All buses in Saudi Arabia have previously been petrol engine models.

BL said that the type of buses required would probably be single-decker models supplied with body, such as the Leyland National.

The supply of bodies direct from the manufacturers, rather than fitting them to the chassis on location with cheap labour, has greatly increased the price per bus, which is likely to be upwards from £30,000.

There has been some criticism, however, over the BL decision not to participate in the Middle East transportation exhibition in Dubai in October. The company said that it was doing "something special" on its own aimed at specific markets such as Saudi Arabia.

W. Europe 'likely to be fastest growing export market'

BY LORNE BARLING

WESTERN EUROPEAN countries are likely to provide the world's fastest growing export markets during the next two years, while imports by the U.S. and the oil producing countries are expected to slow down.

According to a report by the British Overseas Trade Board (BOTB), recent trends in world export markets are likely to undergo considerable changes, partly as a result of the rapidly changing energy equation.

It points out that export markets in the U.S. and the Third World have grown rapidly in the past two years, while Western Europe has lagged.

"But over the next two years most current forecasts suggest that the positions are likely to be reversed, with export markets growing fastest in Western Europe," it says.

In the U.S., progressively tighter fiscal and financial measures introduced in response to the adverse balance of payments are expected to bring down the annual growth of import volume to around 3.5 to 4 per cent over the next year or so. This follows growth of around 5.5 per cent in the past three years.

Imports by the oil-producing countries, which increased at around 12 per cent a year in 1976 and 1977, have now fallen to about 6 per cent and a further fall to 4 per cent was expected this year, even before the crisis in Iran.

The report says that this has come about as a result of falling current account surpluses in the oil-producing countries when dollar oil prices failed to keep pace with the rise in the cost of imports.

Referring to Western Europe, the report suggests that West Germany, after a period of restrictive policies, is now becoming an attractive export market and its recently announced tax cuts are expected to boost import growth to 7.5 to 8 per cent over the next year or so.

In France and Italy, the BOTB says, a recovery in exports and expansion of domestic demand is likely to lead to faster growth of imports, up to rates of around 7 per cent a year.

Exports aid French car sales

By Terry Dodsworth in Paris

FRENCH CAR production and exports surged forward strongly last month, while registrations showed further signs of slowing down after the sharp rise experienced in the first quarter.

The figures, issued by the Motor Manufacturers' Association, give further indications that demand for cars is beginning to level off, as many of the industry forecasters suspected it would in the latter half of the year. But output is still being maintained at a high level, partly because of healthy overseas demand.

Exports last month were particularly buoyant, rising by 22.6 per cent compared with May last year from 128,400 cars to 157,400. This means that sales overseas have advanced by an overall 4.5 per cent during the first five months of the year from 702,600 vehicles to 734,500.

Output rose by 12 per cent from 267,300 cars to 299,300 giving an overall increase for the year of 3.2 per cent from 1,389,000 to 1,434,000. Both production and exports show a disproportionately large rise because of the large number of working days which fell into the period.

British share of Swiss market steadily increasing

BY JOHN WICKS IN ZURICH

BRITAIN'S share of the Swiss import market has shown a steady increase in recent years, according to the British-Swiss Chamber of Commerce.

Following a rise in deliveries by £143.3m last year to £661.9m, this rose to almost 8 per cent, compared with 7.3 per cent in 1977, 6.7 per cent in 1976 and 6.1 per cent in 1975.

Within the 1978 total, which excludes diamonds and gold coins, major British exports to Switzerland were machinery, with £110.2m of the total and chemicals with £105m. Other product groups included transport equipment worth £63.4m, non-ferrous metals at £61.6m, professional, scientific and optical goods worth £30.5m, textile yarn and fabrics worth £27m, and £25m worth of clothing.

Swiss exports to the UK rose even more sharply in 1978—by £229.2m to £839.5m—owing mainly to increased sales of organic chemicals, machinery, electrical equipment and instruments.

Switzerland has for some years had a surplus in its trade with the UK. By far the greatest deliveries are those of machinery, chemicals, professional, scientific and optical goods and textile yarns and fabrics.

Figures just issued by the Swiss authorities show that in terms of Swiss francs, imports from the UK are higher this year so far than exports to the UK. In the first five months of 1979, British shipments to the Swiss market have risen to SwFr 1.52bn (£430m) and exports to the UK to SwFr 1.25bn.

Meanwhile Swiss chocolate exports dropped by 7.9 per cent in volume terms last year, total sales of Swiss chocolate manufacturers—including those on the home market—declining by 6.2 per cent to some 62,000 tonnes.

In 1977 there had been an 8.4 per cent increase. Because of a fall in per-capita chocolate consumption from 9.6 to 9.1 kilos, imports also showed the first slight decrease for several years, although their overall share of the Swiss market rose from 12.6 to 13.2 per cent.

The reasons for the drop in Swiss demand are seen in the increase of the retail price and smaller sales to tourists and border-crossing foreigners.

Swissgas hopes to complete Sonatrach deal

By Our Zurich Correspondent

THE SWISS consortium Swissgas has announced that it hopes during the current year to complete negotiations started last autumn with the Algerian hydrocarbons company Sonatrach.

The Swiss are aiming for a large-scale natural gas delivery contract, supply to be through a pipeline via Tunisia, the Mediterranean and Italy. Swissgas indicates that Government support will be needed for conclusion of the contract.

At present, gas accounts for only 4.2 per cent of total energy consumption in Switzerland. Swissgas hopes to double this share by 1985, which would mean the supply of an additional 500-600 cubic metres a year.

While it is admitted that such expanded supplies would temporarily exceed demand, the consortium foresees new uses for the planned higher volume. These could include consumption in a coal-and-gas power station which might be built on the upper Rhine with a capacity of some 300 megawatts and increased use in central heating systems.

Mozambique power plant completed

By John Wicks in Zurich

AN INTERNATIONAL consortium of 16 companies has completed the final stage of the giant hydro-electric power station of Cabora Bassa in Mozambique.

The project, which consists of five generators with a total output of some 2,000 MW, has been carried out in accordance with the time schedule laid down in 1969.

Power from the plant, which is located on the Zambezi, is transmitted to South Africa via high-voltage DC lines, part of the current being retransmitted to the Mozambique capital of Maputo.

The construction consortium included companies from Germany, France, Italy, Portugal and South Africa.

Initial operation began during summer, 1975, since when more than 14,120 GWH of energy have already been supplied.

Italy steps up oil supply search

BY RUPERT CORNWELL IN ROME

ENI, the Italian state hydrocarbon agency, has increased its efforts to secure the country's future oil supplies with the signature of a long-term oil and gas exploration and production agreement with the Republic of South Yemen.

The deal, finalised recently in Aden, comes just ten days after ENI announced an arrangement with Saudi Arabia for the direct sale of 12.5m tons of crude oil to Italy over the next two and a half years, bypassing the major oil companies.

Earlier this year Sig. Giorgio Mazzanti negotiated similar deals with Iraq and Libya for a total additional 3m tons, and has paid visits to post-revolutionary Iran and Mexico in the search for assured deliveries of oil.

The South Yemen agreement covers two zones, one onshore, and one offshore, covering a total 15,000 sq kms, where Agip, ENI's refining and distribution subsidiary, will carry out exploration.

The company is already looking for hydrocarbons, with apparently encouraging results, in another 10,000 sq km area in South Yemen under a similar agrement signed in 1977.

The new deal is on a production-sharing basis. The Italian company will take all the risks connected with exploration, and any commercially exploitable finds will be shared with the Yemen Government. Agip will also train local staff in various aspects of oil industry technology.

● Mitsui said in Tokyo that it had reached agreement with the National Iranian Oil Company (NIOC) to buy 150,000 tonnes of naphtha from Iran for shipment in the second half of this year. A contract will probably be signed soon, it said without disclosing price details.

C. Itoh and Marubeni, two other Japanese trading houses, have each contracted to buy 100,000 tonnes of naphtha from NIOC this year, it added. Reuter

Andes nations seek special EEC pact

MADRID — President Julio César Turbay Ayala of Columbia said yesterday that Andean Pact countries would seek an agreement with the Common Market to fight what he called European protectionism.

He told a Press conference that it was vital for the Latin American economic grouping to conclude a reasonable agreement with the EEC "to *eliminate the* discriminatory and protectionist character that we objectively note today within the European Community."

The Andean Pact countries are Bolivia, Colombia, Ecuador, Peru and Venezuela. Spain is expected to join the EEC in the mid-1980s.

A joint communique issued at the end of President Turbay's three-day official visit here said the two countries had signed several co-operation agreements and agreed to expand trade relations.

Belgrade is the next stop on his European tour. Reuter

World Bank loan to India

THE WORLD BANK has approved a loan of $467.5m (£228m) to six countries for development projects, it was announced yesterday.

Under the scheme, India will receive $250m for the construction of a fertiliser processing plant; Turkey $85m for a grain storage works and a further $75m for a ports rehabilitation project. Other recipients are: Bangladesh $22m; Sri Lanka $16m; Mali $12m; and Bolivia $7.5m. The loan was undertaken in conjunction with the International Development Association.

Singer cuts 600 jobs

Y RAY PERMAN, SCOTTISH CORRESPONDENT

IGER is to make a further workers redundant at its bled Clydebank manufac- ig plant, partly because of op in demand for domestic ng machines.

ie company told unions last t that it wanted to cut the ir force—now 3,700 after a lown from 4,800 last year— early one-third. But this and was modified after shop ards agreed to a four-day for many of the employees will be left.

e reundancies will take at the end of September will affect manual and collar workers. Short- working will begin in st.

lf of the job loss was ited as part of the restruc- g of the plant. The rest ributable to falling sales.

John McFadyen, union mor, said the factory was producing 8,500 sewing ines a week, but manage- forecast that demand l fall to around 5,000 a between September and tmas, before rising to 7,000 in 1980.

his is something that is ming internationally. It ot just affecting Britain. market for domestic ines in the U.S. has col- d; and even the super- nt West Germans are g to take a six-week ier holiday."

McFadyen said manage- complaints over the s failure to achieve agreed ictivity levels were the of teething problems new machine teols, which l be resolved in time.

But the company said that unless productivity could be increased quickly the predicted output levels for next year might not hold firm. "The achievement of these higher productivity targets is a pre-requisite for future investment in the plant," he added.

The future of Singer Clydebank was placed in doubt last year when workers refused to accept a management proposal to restructure the plant, meaning new investment of £8m but the loss of 2,000 jobs by 1982.

The workers' decision was later reversed, but Mr. McFadyen said morale had remained low and shop stewards had been working hard to prevent a fatalistic attitude that would lead employees to give up the fight to save jobs.

Andrew Taylor writes: Singer is to move its European headquarters from Ealing, West London, to Maidenhead, Berkshire.

The U.S.-owned group is thought to have paid over £2m to acquire a seven-acre site at Maidenhead owned by Alenco, part of the Charterhouse Group.

The site includes 28,000 sq ft of offices and a further 50,000 sq ft of industrial buildings. The headquarters will include a telecommunications centre linking Singer's operations in 17 countries.

It seems unlikely that Singer will retain the whole seven-acre site. It may wish to develop the existing industrial buildings

It is understood the group has already met local planning officers to discuss the possibility of developing part of the site.

Americans preparing to invest in Scotland

By Ray Perman,

AMERICAN COMPANIES are showing much interest in Scotland as a possible European manufacturing base following a promotion drive by the Scottish Development Agency.

The agency followed up its five-city tour of the U.S. last April with calls on companies and banks. More than 70 expressed interest and 25 committed themselves to visiting Scotland to look at sites and talk to central and local government.

By the end of July about half of these companies will have been to Scotland. The agency hopes to have all the visits completed by autumn, when it plans another U.S. trip.

Sir William Gray, chairman of the agency, who returned from America this week, said that it was selling a distinctly Scottish identity and doing it forcefully. An office has been opened in New York and another is planned in California.

He believed that a big advance over other British efforts at industrial promotion was the bringing together of government and local authorities so that potential investors had to deal with only one body, rather than a confusing range of different organisations.

The agency is looking for manufacturing investment of all types, but is particularly interested in electronics. It has accepted a recommendation from consultants Booz Allen and Hamilton that it should aim to attract a minimum of seven U.S. electronics companies, providing 1,200 new jobs by 1981.

In particular, its targets should be companies involved in data processing, world processing, and instrument controls, since these are fast-growing fields, and few have manufacturing plants within the EEC. Some of these companies are among those which will visit Scotland.

One of the agency's best cards is the experience of U.S. electronics companies already established in Scotland, such as IBM, Honeywell, Burroughs, Digital Equipment, Hewlett Packard, and Motorola Semi-conductors. All are expanding rapidly and report productivity levels comparable with those in American plants.

Call for revision of Ulster job policy

BY OUR BELFAST CORRESPONDENT

THE NORTHERN Ireland Economic Council yesterday suggested the Government should shift the emphasis in its job creation strategy in Ulster in favour of helping existing companies and small businesses to expand.

While it did not seek a dramatic switch in policy the council questioned the cost of jobs created by new overseas investment projects which have been vigorously pursued in the past two years.

It also said these might prove to be "more risky" than the development of existing firms.

Some recent inward investment had been extremely expensive, the council said in its report to the Government. It mentioned no names but its members clearly had in mind the De Lorean sports car venture being established in Belfast with £53m of Government aid.

The council noted that the capital cost of creating a job in small businesses was £4,200, very much lower than the £21,000 it cost the Department of Commerce in Northern Ireland to promote a job through the attraction of a new company.

The members of the council, who are drawn from both sides of industry under the chairmanship of Professor Sir Charles Carter, also criticised the present package of investment incentives as so complex that they proved to be a disincentive to potential investors. They said that the package should be simplified.

Wales CBI appeals for regional council

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WALES CBI has called for the esetting up of a semi-autonomous council for Wales to fill the vacuum left by the referendum rejection of a Welsh assembly last March.

The proposed council would have 30 members representing different economic and social interest groups to advise and inform Government Ministers, MPs, and civil servants on *economic, educational, in*dustrial, social and cultural issues arising in Wales.

It would have an independent secretariat with its own budget, a full-time chairman, paid a salary of £20,000-£30,000 a year, and the membership would be selected by the Secretary for Wales from lists prepared by the representative organisations.

The new council would in practice replace an existing Welsh council nominated by the Welsh Secretary.

The Wales CBI's proposal also counters a Wales TUC call for the establishment of a Welsh Neddy. The CBI view is that Welsh industry is inextricably linked with the rest of the UK. "We cannot, therefore, see a meaningful role for Welsh-based, lower tier sector working parties," it says

Electricity price warning for Scots

BY OUR SCOTTISH CORRESPONDENT

THE NORTH of Scotland Hydro-Electric Board warned yesterday that a further price increase was inevitable this year, following a 9.6 per cent rise in April.

The Board blamed rising coal and oil prices. Only a third of the electricity it generates comes from hydro schemes, with most of the rest produced in conventional power stations.

The Board made an operating surplus of £48m last year, but, after interest charges, this was reduced to £2.1m, says its annual report. The previous year's figure was £1.8m. The Board has reserves of £15.5m, equivalent to five weeks' income.

The new power station under construction at Peterhead should come into operation next year, the report adds. Although designed to burn oil, it will initially use natural gas liquids from Shell-Esso's Brent field.

● NEWS ANALYSIS—FILM FINANCE

Star attraction

BY ARTHUR SANDLES

AT FIRST glance it would seem that events have overtaken Sir Harold Wilson and his Interim Action Committee on the Film Industry.

His report was commissioned by a Labour Government and is presented to a Conservative one; it recommends tax incentives to a Chancellor who has embarked on an ambitious reappraisal of personal taxation; and it comes while the film studios are busier than for a long time, much busier than when the committee was set up as an emergency think-tank.

However, the report is likely to prove useful to the Department of Trade, under whose ambit (much to the regret of Sir Harold, who would like to see it with Mr. St. John-Stevas's Arts activities) films fall.

Complexities

The complexities of the business have presented obstacles to the committee, whose report thus provides an excellent briefing document for any comparatively new Minister.

Sir Harold, for example, could not get his committee to agree on whether the quota system, which limits the number of American films a cinema may show, should be ended. Predictably enough, the cinema owners said it should, and the unions and producers said it should not.

However, if the differences between production and exhibition are not bad enough, anyone seeking to deal with the film world has to accept that Britain has two film industries.

One is a production house for foreign-financed pictures (Star Wars 2 and Superman 2 are being made here) and the other, much smaller, is the indigenous industry, making British films, with British money, for British audiences.

The Wilson Committee has made some effort at producing a system of incentives to encourage the latter without causing the former to look elsewhere.

The committee view seems largely that if the international film world is coming to Britain now, it will continue to do so in the future.

"The ways to make Britain more attractive permanently as a production service centre for Americans and for everyone else are to ensure that its production facilities and skills are, and remain, as up-to-date and as good as anywhere in the world—and that its labour practices are better than anywhere else in the world."

Stimulating a lively domestic film business is more tricky. The Eady Fund was aimed as a help in that field. Set up in 1950, it takes some of the box-office receipts from all films shown in Britain and returns the money to the makers of British films.

That return is in proportion to the box-office takings of that film. It is, therefore, a reward for success.

It may be a simple and effective system, but it is a bit too simple for the Wilson committee.

Although Sir Harold was careful not to name films when talking of those which his committee felt would have done just as well without Eady support, not everyone on his committee was so discreet. The Brent Walker production, The Stud, and two other racy items, Confessions of a Window Cleaner and Confessions of a Driving Instructor, were thought not to be the sort of film that justifies State support, even via the Eady scheme.

What the committee wants the money used for is to stimulate the production of indigenous films of quality.

However, the aspect of the Wilson report that is likely to seize the largest headlines today is its views on taxation.

In recommending tax changes to benefit the world of show business, Sir Harold and his companions are simply recognising that film talent, like film money, it extremely mobile and will simply settle wherever it finds the environment most beneficial.

Small price

That raises the question whether any society should single out a particular section of its workers for special treatment. In the film world, it is generally thought that if giving a film star or investor the chance to keep a few more pounds or dollars gives several hundred technicians work and aids the balance of payments, then it is a small price to pay.

Whether a Tory Chancellor will accept that theory remains to be seen. On the overall attitude of Government towards his report, Sir Harold says: "My hopes are high, but my expectations are a little qualified."

Judge says tanker must stay

BY LYNTON McLAIN

A HIGH COURT judge ruled yesterday that the crippled oil tanker Tarpenbek — now anchored upside down a mile off the Isle of Wight—had to stay there so oil could be off-loaded.

Mr. Justice Walton refused an application from borough councils, the island county council and local hotel owners for a court order to have the tanker towed a safe distance from holiday beaches. *But he said* he would order a halt to further work if protective booms were not placed around the tanker.

The move followed intense pressure from the Government to allow the German tanker to remain near the beach at Sandown Bay for pumping to start.

Mr. David Steel, for the Trade Department, said the only real alternative—towing the ship to sea for scuttling—was unacceptable. The Trade Department had previously been unable to say which other locations had been considered.

But earlier, Mr. John Horsnell, chief executive of the Isle *of Wight County Council*, said the Government had apparently tried to withdraw itself from responsibility for the original decision to tow the vessel to the island.

Mr. Horsnell said he had lost confidence in the Government action after Ministers failed to guarantee compensation for possible pollution.

However, the judge said the best chance of recovering the 1,600 tons of lubricating oil, from the Tarpenbek's eight holds was to carry out salvage at Sandown.

The pumping operation is expected to take up to 15 days, making the total operation over three weeks from the time the vessel was holed last Thursday after a collision with the Royal Navy fleet tanker, St. Geraint.

Architects pick president

COLIN AMERY

BRYAN JEFFERSON has elected the new president e Royal Institute of British tects, succeeding Mr. Gor- Graham.

Jefferson said yesterday ie felt the era of massive elopment was over, and ects must now be more rned with the quality of nvironment.

ring his term, Mr. Jefferson ask the profession to re- ine the Monopolies Com- on report on architects' fee s with a view to making more flexible and appro- to the economic climate.

The institute will also consider the question of architects forming their own building companies.

The new president said he thought the question of advertising by architects should be looked at again.

Mr. Jefferson's practice, Jefferson, Sheard and Partners, has offices in London and Sheffield. He has designed developments in central Sheffield and Huddersfield. A building he designed for the Central Electricity Generating Board was commended in the Financial Times Industrial Architecture Awards in 1967.

UK NEWS

Manpower shortage persists in forces

By Lynton McLain

RECRUITMENT to Britain's armed forces has improved markedly since the pay rise of almost 33 per cent in April. But manpower shortages are still so severe that some front line equipment has been placed on the reserve list.

Six ships, a tenth of the Royal Navy's frigate fleet, are to be transferred to the standby squadron within two years. The ships are over 15 years old and will make way for new ships. In the absence of crews to man the whole fleet.

In the event of war, the civilians who will maintain the ships will also operate them. The operational equipment cuts have also hit the Army. Up to 60 Chieftain tanks of the Royal Armoured Corps on the Rhine have already been placed in "light preservation."

These may be activated in emergency, but will have to be crewed by men employed on other peacetime duties.

Infantry strength is 10 per cent below requirements, and the Army as a whole is short of 800 officers and 9,400 other ranks.

There has been no equipment withdrawal from the Royal Air Force front line. Recruitment in the past six weeks has become more buoyant, but the service is still seriously short of pilots.

Mr. Francis Pym, Secretary for Defence, told the Society of Conservative Lawyers in London last night that the manpower difficulties were "more serious than we had suspected while in opposition."

Exhaust companies in merger

By Lisa Wood

TWO COMPANIES in the replacement exhaust and silencer systems market in the UK and the U.S. have joined forces for an assault on Europe.

TI Silencers, a wholly-owned subsidiary of Tube Investments, signed an agreement yesterday, to merge its wholly-owned retail interests in Europe with those of Midas-International Corporation, a subsidiary of IC Industries, of Chicago, Illinois.

A new company, TI Midas, is to be set up, bringing together the fitting stations of TI Atherton Silencers (Freefit) and those of Midas Silencers, in Britain, and of Midas Belgie SA, in Belgium. Retail outlets will be called Midas Silencer Centres.

Midas and TI have 46 outlets in Britain and Europe, and the aim is to become, within the next two to three years, the leading European exhaust retail chain, chiefly through a franchising system, pioneered by Midas.

Mr. Richard de Camera, president of Midas, said: "We intend to franchise these new Midas silencer centres as soon as possible so that we can build a dealer network throughout Europe comparable with our American system."

In the U.S., Midas has more than 1,000 franchised centres. It favours franchised, rather than company-owned, establishments.

TI Silencers has welcomed the merger because it will give the company Midas's franchise and marketing expertise. It will also give TI Silencers an opportunity to market its products in the U.S.

TI Silencers has 55 per cent of the original exhaust systems equipment market and 27 per cent of the replacement market.

Health warning over Brazil corned beef

BY CHRISTOPHER PARKES

THE HEALTH DEPARTMENT has given a warning not to use corned beef in cans embossed with the code BRASIL SIF2 following 25 cases of staphylococcal food poisoning in six incidents in Bristol and the North.

Twenty-four of the people affected were taken to hospital but all are now said to be recovering.

The warning came five weeks after a Ministry of Agriculture veterinary investigator visited the Anglo-Barretos cannery in Sao Paulo, Brazil, and concluded that the canning equipment was not working satisfactorily.

The Ministry said action was not taken sooner because the early poisoning incidents in February this year could not be traced positively to corned beef from freshly-opened cans.

The warning was issued following the poisoning of three families who had recently eaten the contents of cans from the Anglo-Barretos works.

The cannery's licence to export to Britain has not been suspended, the Ministry said, because the company—an associate of the Vestey meat trade empire—had undertaken not to ship any more canned beef or ox tongues until it had checked its equipment thoroughly.

All but one of the six incidents have been linked with 6 lb commercial cans of corned beef, but as a precaution consumers have been warned not to eat the contents of 12 ounce and 6 lb cans of corned beef marked with the code or ox tongue packed in 6 lb tins.

Suspect

Importers and Government departments refused to name the brands of suspect cans, but it is understood that about 20 different labels, including some of the best-known, are involved.

W. Weddell, an importer, which is part of the Vestey group, said: "The glossy paper on the outside of the tin is not the relevant thing we are worried about. The code is the thing to look for."

The company said it was extremely difficult to trace the movement of suspect cans and could give no hint about areas where they might be most numerous.

Last year the Health Department issued a similar warning about canned corned beef from Brazil and ordered the removal from the market of 3,500 6 lb cans following seven cases of food poisoning.

Importers and traders are now bracing themselves for the inevitable repercussions on sales. Last year corned beef sales in the UK were worth £100m at retail prices. Imports were 64,268 tonnes, of which 17,000 tonnes came from Brazil.

The product has been enjoying something of a sales boom recently because of the rapid increase in fresh meat prices.

'Highwalks' open

A DECISION to open the "highwalks" on the Tower Bridge, London, to visitors was approved yesterday by a meeting of the City of London Common Council at Guildhall

Plessey still seeking partner for microelectronics venture

BY MAX WILKINSON

SIR JOHN CLARK, chairman and chief executive of Plessey, said yesterday that the company was still looking for a partner for co-operation in the manufacture of microelectronic components.

Announcing the company's results for 1978-79, Sir John said it was necessary for Plessey to stay in the manufacture of microelectronics for its own needs. But Plessey might not wish to continue manufacturing the circuits for the open market.

He said that after recent talks with General Instrument of the U.S., Plessey was still searching for the solution for its microelectronics operations.

He said: "We do not feel in this area of very high technology that it is a practical solution to go it alone." It was still possible, he said, that a deal might be agreed with GI.

Plessey announced a preliminary pre-tax profit of £46.3m, a 7.9 per cent increase on last year's figure with sales of £648m, up 6 per cent compared with last year.

Sir John said the problems of Garrard, Plessey's loss-making record turntable subsidiary, were being brought under control. The loss last year was £2.8m compared with £5.1m the previous year and the number of employees had been reduced from 1,868 to 600 people.

The long-term future of Garrard was being considered carefully, said Sir John.

The company had also continued to reduce excess labour in its telecommunication manufacturing plants and this process would continue, but at a slower rate. Redundancies this year were likely to be in hundreds rather than thousands, Sir John said.

Last year, Plessey reduced its number of employees by 5,000 people and increased sales per employee by 16 per cent. This improvement was added to 16 per cent of sales per employee in 1977-78 compared with the previous year. The average sales per head at Plessey last year were £12,100.

In the office equipment market, which the company has been studying for some time, Plessey is continuing to look for opportunities for business, Sir John said. It appears the company's strategy still focuses on the development of its digital private exchange, the PDX, for which 92 orders have been received so far.

On the wider question of strategy for the UK electronics industry, Sir John said he saw no immediate need for rationalisation. Plessey intended to continue to improve its profitability and to eliminate loss-makers and would be prepared to make acquisitions if a suitable opportunity arose.

Details Page 7, Lex Back Page

Britain's consumption of energy rises 7%

BY JOHN LLOYD

BRITAIN'S energy consumption for the period from February to April this year went up by 7.4 per cent, though oil deliveries fell by 4.4 per cent in April as power stations switched from oil to coal.

At the same time, although coal consumption went up by 9 per cent, production and productivity continued to fall. Stocks, especially at power stations sunk to levels much lower than last year.

Total coal production went down in the three months from March to May by 2.3 per cent, with the opencast element in that overall figure showing a drop of 5.9 per cent, largely due to the bad weather. Total stocks of coal are 3.2m tonnes less than a year ago, at 28m tonnes, while power station stocks stand at 12.4m tonnes, 5.8 tonnes lower than last year.

Power station stocks are now being built up, and are beginning to benefit from the National Coal Board's all-out production drive. However, the figures on productivity—output per manshift is down 2.6 per cent in the first five months of this year compared with the same period in 1978—is worrying the NCB.

Over the February to April period, oil consumption increased by 3.6 per cent, though the drop in April is probably the first sign of a declining trend.

Natural gas used was up 14.5 per cent, while oil production from the North Sea over the period was 17.1m tonnes, more than half as much again as in the comparable period in 1978.

Doctors hit at smoking and drinking

By Paul Taylor

BRITAIN'S DOCTORS yesterday urged the Government to take further steps to discourage smoking and drinking—including much tighter controls on tobacco and alcohol advertising.

The British Medical Association's annual representative meeting in Liverpool approved a seven-point plan designed to curb smoking.

The plan includes an appeal to Government to introduce a total ban on tobacco advertising, higher tobacco prices and the printing of the nicotine content on the packets of tobacco products.

The conference delegates also attacked brewers for launching advertising campaigns to promote drinking among young people.

Heseltine tells councils: Cut staff

By Paul Taylor

LOCAL AUTHORITIES must reverse the increase in the number of local government employees, Mr. Michael Heseltine, Environment Secretary, said yesterday.

Quarterly figures on council manpower published yesterday show that the number of employees has exceeded its 1976 peak and that manpower reductions to the end of 1977 have been "more than completely wiped out."

The provisional figures published by the Joint Manpower Watch team show that between March, 1978, and March, 1979, the number of council employees increased by 1.6 per cent continuing the upward trend that began in 1977.

On March 10 there were 1,725,954 full-time and 944,083 part-time employees in local government — equivalent to 2m full-time employees — a rise of 32,600 full-time equivalents compared with the figure for March last year.

The figures confirm central Government fears that council manning is continuing to increase, and Mr. Heseltine took the opportunity to renew his attack on manpower levels.

He said that in the past year, council expenditure and manpower were clearly on "a firm upwards trend." It was essential to halt and reverse that trend.

He gave a warning of the risk of a rates "explosion" next year. He had therefore asked local authorities last month to review their manpower requirements and freeze recruitment wherever possible.

Mr. Heseltine recognised that some councils have managed to control manpower levels. He added that it was essential that all succeeded in doing so.

The Conservative-controlled Association of County Councils, which employs about 45 per cent of the total local Government manpower, said last night that the latest figures "come as no surprise" and were the result of policies laid down by the last Government.

Circular

However, it said that councils were examining manpower levels and that "cuts have actually been made."

● Mr. Heseltine issued a circular outlining planned cuts in council spending yesterday.

Although he was seeking to limit the number of official circulars from the Department of the Environment, local-authority associations requested the circular because of their concern that it should be the Government, not the associations, that told their members to cut expenditure.

However, the issue of the circular might provide ammunition for Mr. Heseltine should he decide to carry out his threat to penalise local authorities that fail to cut expenditure.

The text of the circular will cause no surprise to the local authorities themselves since it merely repeats the Government's intention to cut the 1979-80 rate-support grant by £300m

● Liverpool is facing a £800,000 cut in its urban aid programme under the past Government's inner-city partnership scheme to bring life back to decaying city centres. That was confirmed by the Department of the Environment on the eve of today's visit to the city by Mr. Heseltine.

Christie's sale worth £393,039

By Antony Thorncroft

THERE WAS a good sale of English furniture at Christie's yesterday which totalled £393,039.

A George III satinwood and marquetry cabinet, on stand, sent for auction by the Earl of Craven, sold for £30,000, plus the 10 per cent buyer's premium. It was bought by Count Pagnatelli, a private collector living in Rome. The marquetry panels on the cabinet depict well-known British abbeys and ruins.

A George III satinwood "Weekes" secretaire cabinet, with a clock signed on the dial John Vale, London, fetched £19,000 while a George III giltwood overmantle, in the manner of Thomas Chippendale, made £17,000 and a George III mahogany breakfront library bookcase, £15,000.

A Goya drawing "Gimiendo Y Llorando" sold for £62,000, around double the forecast, at a Sotheby's Old Master Drawings sale yesterday, but perhaps more interesting was the dispersal of a private collection of drawings for £141,640. The drawings had been acquired in recent years and offer good price comparisons for this market.

For example, a male nude by Tintoretto which sold for £200 in 1951 made £7,200 yesterday and a Carracci study of a standing helmsman appreciated from £100 in 1964 to £6,200. A study of Joseph's dream by Il Bertoja realised £4,200 as against £50 while a head of an old man, credited to the 17th century Bolognese school, was up from £60 to £3,500. The top price was the £16,000 from a private English buyer for a study of a boy lying on his back by Carracci. A small chalk sketch by Michelangelo sold for £14,000.

WHY INTERNATIONAL WANTS ANOTHER MULTIPLE

The supermarket squeeze

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

INTERNATIONAL STORES' move to acquire Unilever's Mac Market supermarket chain is a further example of how fierce the High Street price war has been in the past two years.

The battle for a share of the food market, static at present, has put all grocery retailers under enormous presure to reduce margins and prices to maintain sales volume. Inevitably, this has severely depressed profitability and the weakest have, not surprisingly, been the first to suffer.

The small, independent grocer has been the most vulnerable, and some estimates have put the closure rate for such stores at about 20 a week. Figures this week from the Nielsen market research company disclosed that the independent grocers' share of the market has continued to fall steadily.

Dominance

But what the proposed International and Mac Market link-up illustrates is the extent of the pressure applied by the price war on the middle-rank multiple supermarket chains.

Research by AGB as well as by Nielsen shows that the chief multiples such as Tesco, J. Sainsbury and Asda, are increasing their dominance of the market.

As that dominance increases, so the pressure gradually builds up on some of the less successful supermarket chains. International and Mac Market rank about sixth and eighth respectively in the "league table" of market shares, but their combined strength would make them about the fourth largest multiple, with just less than 6 per cent of the market share.

International and Mac Market are believed to have been trading unprofitably in the past year as a result of keen competition, although only BAT usually releases separate figures for International.

In its last full financial year, International produced a £5.3m trading loss. BAT disclosed this week that International had lost more than £2m in the first half of the current year.

International's poor trading performance had led to a top-level management reshuffle late last year with the sudden departure of Mr. Laurence Hill as chairman. He was replaced by Mr. Pascal Ricketts, former company secretary of BAT.

Mac Market has also been going through a difficult time in the past few years, mainly, it appears, because it could not make up its mind as to its retailing strategy.

In the early 1970s, Mac Market built up a good reputation as a quality supermarket chain with efficient stock control and administration. Recently, however, the chain seems to have adopted a more aggressive discounting approach, with no real chance of the same success as Tesco's and Sainsburys' discounting. Management changes have not helped Mac Market's development.

Before the present price war started, the news that Mac Market was potentially available would almost certainly have sparked off a scramble for its 64 stores, which average about 7,500 sq ft in size.

However, the chain's declining fortunes in the price war, and the greater interest by the main multiples in acquiring superstore sites, is likely to leave International a free hand.

International has too many small stores: about half the size on average of a Mac Market store. In areas where the two groups' stores overlap, mainly the South and Midlands, International would be able to upgrade its store sites and sizes.

Mac Market is also understood to have better distribution facilities in some areas, which would prove useful to International.

However, the question remains whether that is the best move for International. Some City analysts and others in the grocery trade question the wisdom of International, its own management difficulties barely resolved, taking on the headaches of another ailing multiple.

Capabilities

It is also somewhat ironic, in that the proposed deal covers two unsuccessful retailing operations of two giant companies, both of whom are predominantly involved in businesses other than retailing. In the words of one analyst yesterday, it looks like the "blind leading the blind."

A more logical alternative for BAT and its troubled International offshoot remains a bid to take over the stores and proven management capabilities of a group such as Tesco or Asda.

But if the International and Mac Market amalgamation proves, against all odds, an outstanding success, the impact for the grocery industry is likely to mean a fresh bout of severe price competition.

That would be good news for the housewife. But neither food manufacturers nor retailers are likely to welcome a renewed outbreak of hostilities.

Inquiry warning on Severn nuclear plan

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CENTRAL Electricity Generating Board has been warned that Britain's latest design of advanced gas-cooled reactor (AGR) may have to be submitted to a full-scale public inquiry if it wants to build a new nuclear station on the river Severn near Bristol.

Mr. David Howell, Energy Secretary, and Mr. Nicholas Edwards, Welsh Secretary, in a joint statement last night said they had told Gwent County Council of their decision to call in the CEGB's application for planning permission for the proposed Portskewett nuclear station.

Portskewett is planned as a 1,300 MW AGR station similar to the £900m Heysham B station for which the CEGB was given financial approval this week.

The site is on the Welsh side of the river Severn, about 13 miles upstream of Newport and about eight miles from the centre of Bristol, a seaport of 600,000 population.

The CEGB was originally given planning permission in 1972 for an AGR station at Portskewett.

But the project was deferred, and since more than five years have elapsed approval is deemed to have lapsed.

Gwent's planning committee is meeting on Monday to consider the statement of the Welsh Office and the Department of Energy, that a public inquiry "at the appropriate time" would deal with the need for a 1,300 MW AGR station at the site.

Portskewett is understood to be the proposed site of the next AGR station the CEGB will require. The board said last night that there were no plans to change this to another reactor, such as its proposed demonstration pressurised water reactor, also a 1,300 MW project.

But the board acknowledged that it had met "fairly fevered" opposition in Wales to its plans, including opposition from coal-miners because of its proximity to the proposed new mine at Margam.

Self-service blamed in theft report

By Our Consumer Affairs Correspondent

AN INDEPENDENT study group backed by the Conservative Party said yesterday that self-service supermarkets are partly to blame for an increase in shoplifting.

The study group's report suggests that the self-service system has meant that "the pressures applied to customers to acquire merchandise are becoming a social abuse."

The report says that "a new sector of the community is being drawn into wrong-doing, and a new type of 'quasi-criminal' is emerging — the involuntary shoplifter, upon whom the sanctions of the criminal law bear unjustly."

The study group—comprised of Mr. Robert Adley, Conservative MP for Christchurch and Lymington, and three magistrates — maintain that the present law "fails properly to distinguish the involuntary shoplifter from the deliberate thief."

Thus the group suggests that while the deliberate criminal offence of stealing should be kept, there should also be a civil complaints procedure for "taking goods from a shop without authority and without making payment."

The report says: "In no sense do we condone intended theft from stores; the courts must continue to take vigorous action where theft is premeditated and wilfully carried out." But the report adds that the group's concern has been for the forgetful, weak, and the confused."

The study group's findings, however, are not endorsed by the supermarkets who do not accept that self-service is the cause for the increase in shoplifting.

Last year, more than 217,000 shoplifting offences were reported to the police—an increase of about a fifth on the previous year.

"Take it or leave it?" from Mrs. V. Carter, 27, St. Swithun Street, Winchester, Hampshire. 75p.

Gilts remain in favour with life companies

BY ERIC SHORT

LIFE COMPANIES still favoured the gilt-edged market for the majority of their investments according to the current issue of Trade and Industry.

Net investment of long term insurance funds in the first quarter of 1979 amounted to £1.07bn—about the same as the previous quarter—of which £597m was invested in gilts and local authority securities.

This was 60 per cent higher than in the final quarter of 1978, but lower than in the first quarter of last year.

As is the normal pattern, most of the gilt investment related to long-dated stocks. A net amount of £549m was invested in this sector of the gilt market.

Net investment by life companies in equities and other company securities during the quarter amounted to £170m—a net investment of £208m in equities and authorised unit trusts and a net disinvestment of £35m in debentures and £3m in preference shares. A further £59m represented the net investment in land and property, while a net amount of £65m was invested in loans and mortgages. UK house purchase loans account for £45m of investment.

Optimism over investment

BY DAVID FREUD

CAPITAL investment at the start of this year was most buoyant in the manufacture of vehicles, textiles and coal and petroleum products.

This was shown in revised estimates released yesterday by the Department of Industry. They covered the six months to the end of March.

The figures confirmed that investment by manufacturing industry fell 4 per cent in the first quarter of 1979 to £946m (at 1975 prices, seasonally adjusted) compared with the previous quarter.

However, the Department was confident that capital investment would be higher in 1979 as a whole than in 1978, in spite of the poor start to the year.

First quarter results have been consistently low in recent years. This year, the bad winter weather and industrial disruption seriously affected investment. Viewed over the half-year, manufacturing investment fell by slightly less than 1 per cent.

Capital investment in vehicle manufacturing rose 27 per cent. The figures were 11 per cent for textiles, leather and clothing and 7 per cent for coal and petroleum products.

There was little change in drink and tobacco, chemicals and the paper, printing and publishing industries. Capital expenditure in the iron and steel industry fell by more than 20 per cent. Other industries showed falls of between 4 and 8 per cent.

Investment by the distributive and service industries in the first quarter was down £5m to £1.2bn. This was about 2½ per cent higher than in the previous three months.

Stocks held by manufacturers, wholesalers and retailers rose by about £270m in the first quarter. This was £70m more than provisionally estimated.

CAPITAL SPENDING AND STOCKS £M

(1975 prices, seasonally adjusted)

	Fixed Capital Expenditure		Stocks		
	Total	Manufacturing	Total	Manufacturing	Retailing
1977	8,296	3,573	737	442	29
1st	1,988	851	434	235	117
2nd	2,024	879	280	97	4
3rd	2,111	910	−145	−6	−59
4th	2,174	932	168	116	−33
1978	8,729	3,856	935	597	333
1st	2,150	923	181	38	62
2nd	2,186	963	338	272	128
3rd	2,213	982	274	175	54
4th	2,180	988	143	112	89
1979					
1st	2,177	946	270	83	87

Source: Department of Industry

FT CONFERENCE—DOMESTIC BANKING

Call for single EEC finance market

FINANCIAL TIMES REPORTER

GREATER EEC efforts to create a single market for services in the European Community were called for yesterday by Mr. Christopher Tugendhat, the European Commissioner for Financial Institutions.

At a Financial Times conference on Domestic Banking, Mr. Tugendhat said that greater monetary stability which the European Monetary System should help to bring would provide a more favourable climate for increased cross-frontier investment which should bring in its train increased capital movements.

But he warned that greater freedom of capital movement must inevitably have certain consequences for those concerned with the prudential aspects of banking. "It is vitally important that greater freedom should not result in less confidence. Our steps towards the wider market must not be dogged by banking failures that could have been avoided had there been more effective supervision."

"We at the Commission do not wish to see banking shackled with a great apparatus of prudential control at the Community level. But some extension of control is, I would say, self evidently necessary: as banking goes increasingly international, so must the supervisors."

The Commission had so far concentrated its efforts on what was regarded as top priority. "This is the creation of an adequate and reasonably uniform system of supervision for all banks operating in Europe, irrespective of their state of origin, in the interests both of the banks themselves and of their depositors."

Mr. J. A. Brooks, general manager of Midland Bank, said that some foreign competitors have been aggressively pursuing UK banking business and a few have been expanding their consumer credit activity.

The influx of foreign banks in the UK posed the question whether the UK banks should seek to protect their market. But protection, he said, could only lead to a closed outlook which would be contrary to the EEC harmonisation proposals.

Priority

Mr. Brooks said the foreign bank "invasion" had been positively beneficial because of the infusion of new ideas as a result of increased competition. In the EEC context it was up to the UK banks to ensure "that harmonisation is based on a growth philosophy and not on a short-sighted policy of redistribution of existing banking business."

Mr. William M. Isaac, director of the U.S. Federal Deposit Insurance Corporation, said the International Banking Act meant that the FDIC would be insuring deposits of U.S. branches of foreign banks engaged in retail or consumer-oriented business.

"We are trying to balance the burden of deposit insurance on foreign institutions against the risks posed to the fund. In this regard, we are considering both the asset pledge and an asset maintenance requirement —do we need either or both and, if so, at what level?

Alternative

"We are also concerned about the availability of financial information on the branch and parent company as well as our ability correctly to interpret and analyse such information. Examination and reporting requirements and exchanges of supervisory information necessary to carry out our supervisory responsibilities and to control the risks to our deposit insurance system are also under consideration.

"We need to open channels for the exchange of information at the bank and supervisory levels and explore avenues for better co-ordinating our deposit insurance systems. For instance, as a longer-run alternative, we might discuss reciprocal agreements or inter-country guarantees of deposits held in foreign branches."

Mr. C. F. MacNaughton, executive vice-president and general manager of domestic banking at Bank of Montreal, said that in spite of the high overheads the consumer stood on his own feet and contributed his fair share of profits. An analysis of market profitability at his bank indicated that on a pre-tax basis the retail customer base was producing profit of 1.66 per cent on funds employed, while the commercial side of the bank returned 1.76 per cent on funds.

But after allowing for the net funds flow from the retail side and pricing it to the commercial users at the average bought money rate the consumer business yielded 3.83 per cent in net interest earnings compared with 3.03 per cent for commercial.

"It would appear our bank would be better off if our retail customers used all the funds they generated since we earned 5.5 per cent in net interest revenue on our retail assets and only 2.13 per cent on the funds sold to the commercial wing."

Mr. MacNaughton predicted the day was fast approaching when the tables will turn in the area of banking hours. "It has never ceased to amaze me that banks have been able to force customers to conform to service utilisation at times convenient to the bank."

Other speakers yesterday included Mr. James L. Smith, senior vice-president at Security Pacific National Bank, Mr. Richard S. Braddock, senior vice-president of consumer services at Citibank, Mr. Tom Bell, senior industry specialist of IBM UK, and Mr. C. Reed, senior vice-president European division of multinational banking at Continental Illinois.

The conference continues today at the Dorchester Hotel.

MPs demand oil prices statement

·Y PHILIP RAWSTORNE

E GOVERNMENT came ier strong pressure in the mmons yesterday to make a l *statement next week on* impact of the increase in prices.

abour leader, Mr. James laghan, led the call for ails of the Government's icy reaction to the OPEC ision.

Vorried Labour and Tory s also joined in demands improvements in the dis- ution of fuel oil.

lany farmers could be ically short of supplies for harvest period, they lared.

Ir. Tony Benn, former ergy Secretary, urged the ernment to call a world rgy conference to discuss effects of the OPEC ease.

Irs. Margaret Thatcher uld reject any moves ards further deflationary asures by the Western industrialised nations, he said.

And he demanded assurances that oil companies would not be allowed to exploit the increase in price at the expense of consumers.

Mr. William Whitelaw, deputising for the Prime Minister, agreed that the price increase was "a very serious matter" for the Western nations.

He said Mr. Benn's views would be conveyed to Mrs. Thatcher at the Tokyo summit where the problems were being discussed.

Mr. David Steel, Liberal leader, protested that Mrs. Thatcher's call for the swift expansion of the nuclear power industry was causing concern.

Every Government department should give priority to practical policies for conserving energy, he said.

Mr. Whitelaw retorted that proposals for nuclear expansion were "commonsense and prudent"—but he agreed that conservation plans were also needed.

From the Government backbenches, Mr. Ray Whitney (C Wycombe) called on Ministers to bring home to the OPEC leaders "the disastrous effects of the remorseless price increases."

They affected the world economy, developing nations and were against the long-term interests of the OPEC countries themselves, he said.

Mr. Whitelaw sympathised with the mounting concern among Tory MPs about the price impact.

But he rejected a suggestion from Mr. Ioan Evans (Lab., Aberdare) that the Government should remove its own increase in the duty on petrol.

Labour MPs cheered, however, as Mr. Whitelaw was urged by Mr. Paul Bryan (C., Howden) to ensure that Mr. David Howell, Energy Secretary, pressed the oil companies to improve supplies to rural areas.

The Texaco Company had cut supplies to some parts of Yorkshire by 30 per cent, he said.

"If this position does not improve, farmers will be in a critical position as they come to harvest time," he said.

Mr. Whitelaw said that he knew from his own constituency that supply problems in country districts were "very serious."

"What are you doing about it?" Labour MPs shouted. "The Government is determined to ensure that proper supplies of fuel are available," he replied.

Mr. Robert Hughes (Lab., Aberdeen N.), amid laughter, suggested that Mr. Whitelaw might have difficulty explaining to Mrs. Thatcher such an abandonment of "non-intervention and free market policies."

"It is simply commonsense and prudent," Mr. Whitelaw responded—and was at once jocularly urged by Labour MPs to take over the leadership of the Government.

"I would regard that as a disastrous development," Mr. Whitelaw commented. "I would be very surprised if that day ever came."

Commons concern over the situation was sharply reasserted, however.

Mr. Norman St. John Stevas, Leader of the House, was pressed by Mr. James Callaghan and Mr. Eldon Griffiths (C., Bury St. Edmunds) for statements next week from both Mrs. Thatcher and Mr. Howell.

Post Office may lose monopoly

f JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IFICATION of the Post e monopoly is one of the ons being considered by the rnment, Mr. Norman St. Stevas, Leader of the e, told the Commons yesy.

s words reinforce the warn- given on Monday by Sir i Joseph, the Industry Sec- y, who criticised the "bad ces" offered by the Post e and made it clear that he not rule out legislation to ve the State monopoly for ing mail.

sterday, Mr. St. John Stevas nswering Conservative MPs demanded the removal of monopoly as one way of ng with the present disrup- of mail services caused by age of staff and industrial n.

e Tory backbenchers were angry over the threat to the y of postage stamps as a result of industrial action by five workers who control their distribution.

Concern was also expressed by Mr. James Callaghan, leader of the Opposition, who asked for a nearly Commons statement by Sir Keith about the current situation in the Post Office "so that commercial and private business is not interrupted."

The Leader of the House assured him that the Government was very concerned at recent developments. He would pass the suggestion on to Sir Keith.

At the moment, said the Leader of the House, there was several weeks' supply of stamps at the larger post offices but only one week's at the sub-post offices.

He said that Sir Keith did not have the power to interfere in the day to day running of the Post Office but he was giving the Post Office chairman, Sir William Barlow, full backing to restore services.

The question of a modification to the monopoly was one of the options being considered by Sir Keith—"it has not been ruled out but on the other hand it has not been ruled in."

He was answering a question from Mr. David Bevan (C., Yardley) who suggested that if there were no stamps for sale then the Government should allow letters and parcels to be posted free of charge.

Alternatively, he proposed, the Government should take away the Post Office's licensing monopoly so that other people could take over postal deliveries "to ensure that this nation survives."

The subject also cropped up in questions to Mr. William Whitelaw, Home Secretary, who was deputising for the Prime Minister while she is at the Tokyo Summit.

Mr. Michael McNair-Wilson (Con., Newbury) wanted to *know what was being done to* bring some order to the chaos in postal services.

In view of the haphazard way the second- and first-class services were operating, he thought the first-class service should be suspended at least temporarily.

Mr. Whitelaw agreed that it was a very serious matter and assured MPs that Sir Keith was in close touch with Sir William Barlow about it.

Mr. Michael Morris (Con., Northampton S.) urged the Government to call in the chair*men of the various nationalised* industries to remind them they were there to serve the public.

At the moment, he said, the public was "pretty fed up" with some of the services it was getting.

Fears over Rhodesian solution

By Richard Evans, Lobby Editor

OPPOSITION LEADERS are becoming increasingly apprehensive that Mrs. Thatcher will miss a vital opportunity to solve the Rhodesia crisis at the Commonwealth Prime Ministers' conference in Lusaka in early August.

Pressure will be put on the Government to arrange a Commons debate on Southern Africa before the end of July, to discover the Cabinet's thinking on Rhodesia, prior to the Lusaka meeting.

But at present, *the belief is* that Mrs. Thatcher will pursue her own path and urge full recognition for the administration of Bishop Muzorewa.

Labour leaders fear this could be highly devisive, and could split the Commonwealth Heads into two factions. They would prefer Mrs. Thatcher to seek the advice of the Commonwealth leaders, *many of whom are very* experienced on the Rhodesia issue.

The major opportunity presented by the Lusaka conference is seen as the prospect of getting all the protagonists and interested parties together—including the leaders of the Patriotic Front—in an attempt to seek a more widely acceptable solution.

The Opposition worry is that if no solution is found at Lusaka, Mrs. Thatcher will have little alternative but to lift sanctions against Rhodesia when they come up for renewal in November.

A considerable number of Tory MPs are known to favour withdrawal of sanctions and the *only way the Government could* maintain them would be to seek Opposition help.

Labour leaders are more than willing to help ensure sanctions are retained until a more acceptable solution is found to the Rhodesia crisis but they realise that Mrs. Thatcher would be unlikely to wish to split her own party so badly.

There is also a belief that if the British Government decided to lift sanctions, President Carter would be forced to accept the decision against his better judgment.

He has too many international and domestic problems to continue to hold out on Rhodesia once the British Government had accepted the result of the recent elections.

terling trength ueried

Richard Evans, Lobby Editor

..GEOFFREY HOWE, ncellor, is to be asked to ment next week on the ngth of sterling and the aging effect this is having exports. Mr. Anthony umont-Dark (C. Selly) has tabled two related stions to the Chancellor written answer on July 2. he first asks for his views the continued strength of ling and what plans he to help badly-hit orters, and the second tes to exchange control ulations and the need to get better balance between estments in the UK and rseas.

Ir. Beaumont-Dark said terday that the present el of sterling at $2.17 was ving to be very costly to orters and his questions e aimed at discovering ether the Government had proposals for meeting the iculty.

ance debate

E FINANCE BILL goes o its line-by-line committee ge for three days in the nmons next week in an empt to push it through liament by the third week July. A fourth day has n set aside on Monday ek and Ministers hope to nplete its committee stage er next week.

With Opposition agreement, the committee stage is ng taken on the floor of House instead of partly in nmittee "upstairs."

The Liberals are to press three major changes—lexation of tax thresholds d excise duties; a move vards tax credits whereby tax system paid out cash nefits as well as collecting ; and a positive single rate 12½ per cent VAT rather an the Government's 15 per nt.

Benn in Left-wing project to cut EEC power over Britain

BY ELINOR GOODMAN, LOBBY STAFF

MR. Anthony Wedgwood Benn, former Labour Energy Secretary, and one of the party's most determined opponents of the EEC, published a Bill yesterday that would completely undermine Britain's existing relationship with the European Community.

The Bill, co-sponsored by five other Left-wingers on the party's executive, would return all legislative powers from the EEC to the UK Parliament and enable Westminster MPs to amend or repeal laws passed in Europe.

As such, it would conflict directly with the Treaty of Rome, although Mr. Benn insisted that his proposals did not constitute a threat to take Britain out of the Community.

None of the sponsors seriously expects the Bill to be debated, let alone get through the House, in the foreseeable future. Instead they seem to be using it as a way of putting pressure on the Labour Front Bench to adopt a more hostile attitude towards Community mebership.

The idea is to use it as a focus for discussion about Europe. Optimistically, given their position on the Left of the Labour Party, the sponsors hope that it will be supported by MPs from all parties.

As with most of his policy statements since voluntarily retiring to the Labour back benches, Mr. Benn presented his Bill in the context of agreed Labour Party policy.

However, although the party's annual conference may have endorsed the idea of amending the European Communities Act on the lines laid down in the Bill, it is not a policy that the Labour Government ever actively pursued with any enthusiasm.

Mr. Benn apparently feels, however, that the Tories have stolen all Labour's clothes as far as calling for constructive reform of the EEC is concerned, and that Labour must, therefore, show that it has something more to offer on Europe than the Conservatives.

In publishing the Bill, Mr. Benn is using the tactics he employed in 1972 when he first started promoting the idea of a referendum on EEC membership. He will try to get the support of constituency associations for his proposals in the hope that they will in turn put pressure on their MPs. Although it is probably too late to get this particular proposal debated at this year's conference, its sponsors will doubtless use the occasion to seek support for it.

As well as empowering the House of Commons to repeal all laws passed by the EEC that apply directly to the UK, the Bill would allow European court decisions to be overturned by the British courts if they conflicted with decisions of the House of Commons.

The fifth clause of the Bill specifies that nothing in the Act should be held to constitute a formal withdrawal of the UK from the European Community. Nevertheless, it must be doubtful whether other EEC members would allow Britain to behave in such a way without taking punitive action.

Forces' union appeal rejected

BY IVOR OWEN

A SUGGESTION by Mr. Eric Heffer, a Left-wing member of Labour's national executive and MP for Liverpool, Walton, that servicemen should be allowed their own trade union was rejected by the Government in the Commons last night.

"I think it would bring many more problems than it would solve," Mr. Keith Speed, Under-Secretary for the Royal Navy, declared.

He acknowledged, however, that Mr. Heffer will have a further opportunity to pursue the idea when a Select Committee conducts its annual review of the Army, Air Force and Naval Discipline Acts before their renewal in 1981.

The Minister, a former naval officer, said that none of the sailors or marines he had spoken to since taking office had hinted that they wanted trade union membership.

Under existing arrangements they were able to join trade unions individually and were encouraged to do so when that would help them to get a job when leaving the Service.

That, however, was totally different from trade union membership for improving pay and working conditions in the Services, which, for practical purposes, would almost certainly mean the introduction of the closed shop.

Mr. Heffer, accepting that the idea of a trade union for the Forces was likely to make Tory MPs go "berserk," said that they were established in foreign members of NATO.

He was not seeking to undermine the Forces but trying to bring them into line with modern practice.

A possibility that Mr. Heffer thought might be considered was a Forces trade union operated on similar lines to the Police Federation, which was not affiliated to the TUC.

LPG inquiry considered

THE GOVERNMENT is considering making a reference to the Monopolies and Mergers Commission of the supply in the UK of Liquefied Petroleum Gas in containers of not more than 50kg capacity and not less than 150 grammes capacity.

Mrs. Sally Oppenheim, Minister for Consumer Affairs, said in a written answer last night *that she hopes to make a statement soon.*

WIMBLEDON

Veteran gives Connors a hard game

BY JOHN BARRETT

THOUGH STILL playing ne way short of his devastat- best, Jimmy Connors, 1974 mbledon champion, reached third round of this year's ampionships by defeating rty Riessen, the American teran, 6—7, 6—3, 7—6, 6—0 just under three hours on ntre Court.

Riessen is 37 and was a arter-finalist at Wimbledon as ng ago as 1965. But until a mbination of tiredness and ceptance of the inevitable akened him in the fourth set, fully exploited the uncertainties of Connors' game.

The tall Riessen has always oved a tough opponent for nnors, two years ago at imbledon he also took the merican number one to four ts. He now concentrates ainly on over-35 tournaments d was spritely enough yestery to pass for a teenager in the first set. Connors had to pull out all the stops to repair the damage after Riessen had twice broken his service.

Spectacular leaps and dives could not disguise the fact that Connors was making a lot of mistakes as well as having much the worse of the luck in the matter of net cords. When the opening set went to a tie-break, Riessen was the steadier. He reached set point when Connors put a forehand into the net and then took the set after 50 minutes as Connors lobbed out.

In the second set Connor's passing shots began to zero in on target. He broke Riessen in the fifth game and took the set in just over half an hour with two stunning back hand passes.

The third set saw Connors take a firm grip on the match. He moved into a 4—1 lead with his fourth ace and had a point for 5—1 before Reissen mounted a spirited and spectacular recovery which forced Connors into the third tie-break of the championships so far.

This time, however, Connors was equal to the demands of the occasion, overcoming a 3—2 *deficit to take it by 7—5.*

Spirited

Clearly convinced that this was not to be his day, Reissen subsided rapidly after that. He did not even bother to attempt to return one of his opponent's services and Connors reeled off six successive games, for a victory which, in the end, was a good deal more easily achieved than had originally looked possible.

Though Connors had come through safely to a third-round meeting with Johan Kriek, the young South African, two more men's seeds were toppled yesterday making the total an astonishing seven.

The sixth seed, Guillermo Vilas, who "won" Wimbledon in the recently-released tennis film, Players, once more failed tot repeat the feat in real life going out to Kim Wilkinson, *the highly promising 19-year-old* American left-hander 5—7, 6—2, 6—1, 7—6 after having led 5—2 in the fourth set.

Gilles Moretton, the giant Frenchman, also produced a second-round sensation when he knocked out the 13th seed, Manuel Orantes, 7—6, 3—6, 7—6 3—6 6—1. Moretton's deserved win robs Mark Cox, of Britain, of the chance to cross swords with Orantes as a means of assessing form for the Davis Cup-tie between Britain and Spain at Eastbourne in two weeks.

Amid the welter of falling seeds the dependable Victor Pecci moves on. Pecci, a finalist in his past two tournaments in the French championships and at Queen's Club and seeded eighth here, easily thrust aside the challenge of Phil Dent, of Australia, 6—4, 7—6, 6—3 taking the second-set tie break by 7—3.

Debbie Jevans, 19, from Essex, who is ranked only 18th among British women, produced a fine performance to defeat Iris Riedl of Germany 6—1, 3—6, 6—1 and become the only other home competitor to join Virginia Wade in the third round. Miss Jevans was in spirited form in the opening set, conceding only 5 points and winning it in 16 minutes against a girl who had beaten Miss Wade in Rome recently.

The hopes of Belinda Thompson, of Cheshire, of joining them were snuffed out after a bright start when she fell 5—7, 6—3, 6—0 to Cynthia Doener of Australia.

NUR turns down fixed target of £65 basic

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S LARGEST rail union yesterday refused to set a fixed target of a basic wage of £65 a week for railmen — an increase of more than 30 per *cent — in order to give union* negotiators flexibility to obtain higher rises for some grades.

Delegates at the annual conference of the National Union of Railwaymen at Paignton voted 47-30 to reject the £65 target with corresponding increases for higher grades.

Mr. Sid Weighell, general secretary, said that with rising inflation and rising oil prices it was imperative that negotiators should not be saddled with a predetermined minimum rate for the settlement date of April next year.

He said a railman's basic rate of £48.95 including supplements would have to rise by 32.8 per cent to reach a £65 minimum. A National Bus Company conductor, also represented by the NUR, would have to have rises of 37.4 per cent and a grade 3 maintenance worker 36.7 per cent to reach the minimum.

A National Carriers depot worker and a Freightliners terminal attendant—some of whom are NUR members—would only need increases of 8.7 per cent to bring them to the £65 minimum.

Mr. Weighell told delegates: "With inflation already predicted to be over 20 per cent you are insisting that we take less than 9 per cent for our National Carriers people if you carry a £65 minimum. Where is the sense in that?"

If negotiators were pinned down a rate of pay which nobody now knew would be adequate in April next year a disservice would be done to all the union's 180,000 members.

Mr. Weighell repeated his intention, though, to keep pace with other powerful industrial groups. "If the miners and the power workers go through the roof then we are in the same league."

He also warned that the union would be forced "at some stage" to put a limit on the amount of overtime worked by railmen or the 10,000 British Rail vacancies would not be filled.

"If our people continue to be mesmerised by a thick pay packet generated by long overtime they will never come to face the reality of a low basic rate."

● The independent Railway Staff National Tribunal yesterday recommended that British Rail and the three rail unions should set up a study on the implications of moving towards a shorter working week in the industry.

The tribunal, chaired by Lord McCarthy, lecturer in industrial relations at Nuffield College, Oxford, was replying to claims from the NUR and the white-collar Transport Salaried Staffs' Association for a 35-hour week and from the train drivers' union ASLEF for a 36-hour week based on an eight-hour day.

Pilkington talks fail after 'final offer'

BY NICK GARNETT, LABOUR STAFF

PAY TALKS for process workers at the Pilkington glass company have broken down following rejection of an overall 15 per cent offer which the company says is final.

The executive of the General and Municipal Workers Union *which represents the 8,000* process workers will be asked by negotiators next week to approve a ballot of the membership to decide how the dispute should be pursued.

The offer has been rejected by negotiators and by officials on the union's Pilkington industrial committee.

The union said yesterday that the company had also refused to make any significant move towards reducing hours. Negotiators have told the company that process workers will not operate a float process plant being constructed unless Pilkington agrees to cut hours.

The union says the company intends reducing the labour force at its St. Helens operations *from* 7,118 to 5,729. But the company said that with the float plant, also being built at St. Helens, the net loss of jobs would be 280.

Mr. David Warburton, the *union's national officer. said* Pilkington's response on pay "reflects badly on a company which has built its success on a great deal of loyalty from workers which they have now lost." The company was also jeopardising the industry by refusing to make significant proposals on hours.

The company's offer would lift weekly earnings of a middle ranking process worker on a typical bonus and working five hours overtime from about £84 to £95. Earnings for a top-grade process worker on a continuous three-shift pattern would rise from about £119 to £137, including bonus.

Miners fear more closures

By Christian Tyler, Labour Editor

FEARS of an accelerated programme of pit closures backed by the Conservative Government are likely to dominate the annual conference of the National Union of Mineworkers, opening in Jersey next week.

Although the Government is expected to maintain the level of new investment in the coal industry of about £500m a year *until the early 1980s*, the NUM is concerned that the bulk of the expenditure will be directed towards productive pits and new coal fields like Selby in Yorkshire and the Vale of Belvoir in Notts.

If the investment programme were to be channelled in this way, it would starve uneconomic pits in areas like Durham, Northumberland, Kent, parts of Scotland and South Wales, with the loss of many thousands of jobs, the union says.

An augury of the new Government's policy was provided yesterday when the National Coal Board told the union that it would go ahead with the closure of Deep Duffryn in South Wales despite fierce local resistance.

South Wales miners will be lobbying today's meeting of the union executive in Jersey to demand a strike ballot in support of Deep Duffryn which is seen locally as a test case for another 10 pits in the area believed to be threatened with closure.

The NCB rejected the union's appeal to keep the pit open. Deep Duffryn had lost £7m over the last five years and had produced no coal since May, "because of overwhelming geological difficulties."

It said the pit would be closed as soon as possible and the 440 miners offered other jobs in the locality.

Today's executive could well accede to the South Wales miners' request. The union has a policy which dictates that if the appeal procedure over *closure of a pit on economic* ground is exhausted it can call a national ballot of the members.

The NUM executive has asked a meeting with Mr. David *Howell, Energy Secretary, to* ascertain the Government's attitude. Meanwhile. Mr. John Moore, Minister responsible for the coal industry, will be attending next week's conference as *an observer.*

Civil servants reject plea for arbitration

BY GARETH GRIFFITHS

A GOVERNMENT request to the Institution of Professional Civil Servants to take its pay claim to independent arbitration, was turned down yesterday by members of the union's national executive.

The request came at a meeting between the union executive and Mr. Paul Channon, Minister of State for the Civil Service. The mood of the meeting was described as friendly. but Mr. Channon attacked the union after the meeting for not agreeing to go to the Civil Service arbitration tribunal.

He said the offer to 21,000 state scientists averaged 26 per cent and the only condition was that it should not be taken as a precedent. The offers for the 50,000 Professional and Technology grade staff averaged from 15½ per cent to 22½ per cent.

The Civil Service Department has costed both deals as adding an extra £98m a year to the pay bill. Mr. Channon said the IPCS claim would mean another £80m a year on top of that figure.

Mr. Bill McCall, general secretary of the IPCS, said the responsibility for settling the dispute now firmly rested with tthe Minister and it was up to him to recognise the merits of the Institution's case.

Shipping deal 'sinister'

FINANCIAL TIMES REPORTER

THE LEADER of Britain's shipyard workers yesterday said there was "something quite sinister" about the deal giving *a Finnish yard the job of building* a North Sea emergency support vessel.

The order from Shell Exploration and Production, operators for the North Sea partnership of the Shell and Esso companies, has angered unions who see it as an opportunity for Britain to become world leaders in this area of high marine technology.

At its conference in Llandudno, the Confederation of Shipbuilding and Engineering Unions demanded that the Government should intervene and reverse the order.

Mr. John Chalmers, boilermakers' general secretary, and chairman of the Confederation's shipbuilding committee, warned Mrs. Thatcher the unions would "stand and fight" Government plans for the shipbuilding *industry. He said the support* vessel decision was "a subtle, deliberate folly" by the Government and he rejected statements that there was no subsidy involved in the £40m Finnish *order.*

Material costs alone were £46m and British workers would have to "take the skin off their back and work for nothing" to compete with the Finnish *tender.*

"There is something quite sinister about it all. I cannot help think that the Shell contract is part and parcel of the Anglo-Finnish offset deal under which we shall sell jet training planes to Finland" said Mr. Chalmers.

Conciliation in bank dispute

Financial Times Reporter

THE PAY dispute between Midland Bank and its computer staff is being taken to conciliation *after the bank invoked concilia*tion procedures included in its union negotiating agreements. The Banking Insurance and Finance Union said yesterday that it would still launch strikes on July 9 and 10 in computer centres unless the dispute was resolved.

TUC's attack on 'biased' media

FINANCIAL TIMES REPORTER

THE PRESS, radio and television were accused yesterday of anti-union bias and distortion in reporting last winter's round of strikes. The claim comes from a working group on the media, set up by the TUC general council.

During January and February—the time of the lorry drivers, tanker drivers, rail, hospital, ambulance and local authority strikes—"trade unions and trade unionists were subjected to an unending series of attacks and abuses, which exceeded the experiences and expectations of even the most seasoned media watchers," said the report.

Little attention was paid to an effectively-operated code of conduct aimed at restricting the impact of the strikes on families, patients, and essential supplies and services, says the report.

"At times it seemed as though the country was at war with trade unionists, who, as it was all too rarely pointed out, form more than half the working population."

The report says many trade unionists have long believed the mass media is biased against them.

It criticises the restricted ownership of the Press by large, often multi-national companies, claims that broadcasting is "establishment orientated," and that 70 per cent of national dailies now have a "pro-Conservative, anti-trade-union policy."

The report says facts were mixed with comment in news stories and the effect on public opinion by mid-February was an almost universal cry for trade union reform.

"What was meant by reform was clearly not strengthening. Many people calling for the power of the unions to be curbed had little or no experience of the disputes taking place. Their sole source of information was the media," says the report.

THE PROPERTY MARKET BY MICHAEL CASSELL

Foreign investors eye the U.S. market

THE GREAT American Real Estate Rush is apparently gathering pace, despite mounting controversy within the U.S. over the growing numbers of foreign investors who are buying up property from Long Island to Los Angeles.

But as everyone from the U.S. Congress down watches the spread of overseas participation in American real estate, over 100 potential major investors from throughout Europe and the Middle East have this week been meeting in London to see what America has to offer.

A two-day conference at the Cafe Royal has, in the week in which the National Coal Board's pension funds succeeded in its £67m bid for Continental Illinois Properties of California, provided other would-be investors with an opportunity to hear from leading U.S. real estate specialists what prospects are like across the Atlantic.

The location and evaluation of suitable investment opportunities, the legal aspects of U.S. real estate, tax liabilities and financing procedures have all figured prominently in the type of seminar which is hardly likely to allay American fears that a sizeable chunk of the country's best real estate is due to fall into foreign hands.

According to Mr. Ben Lambert, conference chairman and chief executive of the property division of U.S. broking giant Blyth Eastman Dillon, foreign purchases of American property are increasing, with virtually every type of property being considered for acquisition.

Historically, overseas institutional and individual investors have concentrated primarily on income-producing properties—including offices, shops, hotels and agricultural land. Now they are moving into development transactions, unimproved land, part-interest purchases and buying property companies outright.

With anticipated returns often better than in their own country, overseas investors have also been quick to appreciate that the declining value of the dollar is creating significant foreign exchange bargains. They can frequently achieve tax benefits through real estate purchase in a country where taxation policies are not in any case onerous and are most unlikely to be discriminatory.

Foreign buyers are sometimes drawn to the U.S. by the accepted use of leverage, in contrast to the situation usually found in other markets where long-term mortgage financing can seldom be found for real estate deals.

With the trend towards more planning controls and restrictions (you can still build virtually what you like where you like in major cities like Houston) implying fewer development opportunities and higher rental growth for prime properties, the attractions of the U.S. market seem clear.

Underneath all these considerations lies the implicit belief that the U.S. has come to represent the last bastion of social, political and economic freedom, as well as the best place to invest safely.

Mr. Lambert's assertion at the Cafe Royal that the U.S. also appears to be less vulnerable than other nations to major economic disruptions may, however, have touched on the biggest single imponderable now hovering over the American market.

Whether or not the U.S.—which is now as jittery about inflation as it is enraged about the long petrol queues—can avoid a recession is still anybody's guess. There are many differing opinions on what is in store.

Mr. Lambert says that there is a widespread perception among foreign investors that, in the longer run, the U.S. is still probably more determined and better equipped than most to bring inflation under control, a view which some potential investors might not so readily accept. The U.S. property market has, after all, had its share of slumps in the past.

There is also the question of the likely extent of future opposition to the spread of foreign investment in real estate—a concern which has already led to new legislation covering the purchase of agricultural land by overseas buyers.

The recently enacted Agricultural Foreign Investment Disclosure Act was a direct result of mounting criticism of foreign investment in farmland and it requires any foreign citizen, government or company—or any U.S. company in which an overseas investor holds more than a 5 per cent interest—to disclose full details of their holdings. In this way the Government hopes to determine the full extent of foreign penetration in the market. Whether any further action is then taken remains to be seen.

Supporters of the move claimed that foreign investment in land had created an artificially high market in which American investors could not compete. Overseas buyers, they suggested, could pay premiums over normal market values because of favourable tax treatment offered to non-residents and that the process could eventually permit foreign dominance or control of U.S. food supplies. In a small but growing number of states, foreigners are precluded by law from owning farms.

No one is suggesting that similar legislation is about to hit other forms of real estate investment in the U.S., although it is accepted that by bidding up prices in many prime properties foreign investors are raising the costs for U.S. buyers. A close eye on their future activities is likely to be kept by a fairly vociferous and potentially powerful lobby.

The view of many observers, however, is that despite all the publicity surrounding the influx of foreign money, overseas ownership of U.S. real estate remains extremely small. Neither does it seem ever likely to dominate—if for no other reason than the enormous real estate investment appetite of U.S. individuals and, more recently, of institutions which in many cases have been slow to enter the property investment market.

What is clear is that U.S. real estate is not necessarily an easy option for the foreign investor and that the market, which is largely unregulated and offers little governmental protection to buyers, can throw up a range of complexities quite capable of exposing the newcomers' inexperience in the most painful of ways.

As Mr. Donald Bodel, of Richard Ellis, said in Atlanta last week: "We have shown streams of would-be investors around the market and a lot of them go home shaking their heads, amazed at the fundamental differences which exist here and which have to be thoroughly understood before one penny is spent." That, at least, should be good news to those Americans opposed to foreign investment in their country.

IN BRIEF

● AVP Industries has sold the freehold of 29,000 sq ft of warehousing at the former United Biscuits factory, Horton, Middlesex, for more than £300,000 to Ropner Holdings. Agent for AVP was John D. Wood.

● British Rail has leased 30,000 sq ft of offices on two sites at Tavistock Place, London, from Hearts of Oak Benefit Society. The sites include 19,000 sq ft of garaging. Rental is about £331,500 a year.

● The United Friendly Insurance Company has bought Valzan House, Camberley, Surrey, for more than £500,000. The 7,000 sq ft office building is let for £35,000 a year to S.G. Inspection Services.

● Hans House Group has arranged more than £500,000 forward financing for a shop and office refurbishment at High Street, Sevenoaks, by S.I. Pension Trustees. The site has been pre-let to the Bejam retail group and a local firm of solicitors.

● Southern Electricity Board has sold 8,100 sq ft of shops and offices at Fleet Street, Swindon, for £100,000 to Baker Automatics. Debenham Tewson and Chinnocks acted for the board. Loveday and Loveday acted for Baker.

● United States Lines has leased 9,700 sq ft of offices on the ninth floor of Bowater House, Knightsbridge, London. Rental is thought to be £13 per sq ft.

Atlanta works hard to restore its image

ATLANTA, WHERE General William T. Sherman still rouses more public antagonism than any amount of foreign real estate investment, is working hard to capitalise on its fast-growing reputation as an international business centre and to restore its image as an attractive real estate market.

In the last 2½ years, a dozen foreign banks have opened or been granted licences to operate in one of the "Sun Belt's" most dynamic population centres, and a broad range of legal, financial and general business services are expanding alongside.

But Atlanta is still smarting from the last recession in the early 1970s, which left it badly overbuilt. Monuments to the last boom remain, like the still vacant Peachtree Summit building and the empty office space in the breathtaking Omni International complex, an inspired attempt at inner-urban regeneration which went amiss.

But now much of the city's excess capacity has been absorbed—more than 3m sq ft in 1978—and many new development plans (not all of them can be expected to get off the ground) have recently been announced. Nearly every major office park along north Atlanta's perimeter highway has speculative building in progress and all the predictions suggest that demand for office space this year will outstrip supply.

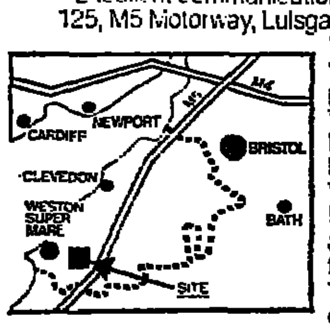
Atlanta is the base for the U.S. subsidiary of Taylor Woodrow Property, which is slowly but steadily building up a real estate development and investment portfolio across the "Sun Belt."

The company, formed early last year, is concentrating on an area which includes the Carolinas, Georgia, Florida and Texas, although it also has a subsidiary in California.

Nick Shackleton of Taylor Woodrow in Atlanta says the company is initially in the market for investments of up to around $2m a time, either on its own or in joint-venture deals. The next phase of the expansion, coming soon, will see a move into bigger deals.

Mr. Shackleton has no doubt that any recession will prove nothing more than a hiccup to the real estate sector. "Places like Houston look so good it's frightening." The company has acquired a 40,000 sq ft shopping centre in Lexington, South Carolina and is soon due to finish a shopping centre—75 per cent pre-let in Rome, Georgia.

Other projects include a small office park in Columbia, South Carolina (half pre-let) and a specialty shopping centre in Sarasota, Florida. In California, a 30-acre industrial site has been acquired in Visalia for development.



INTERNATIONAL PROPERTY

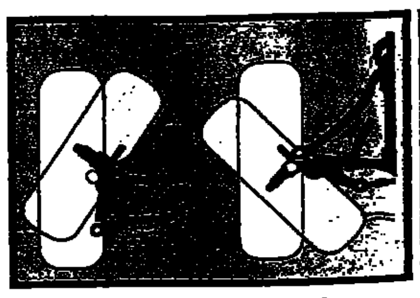
The change is as good as a rest.

Should one drive a BMW 7 Series it will be quickly appreciated that large and luxurious cars can also be a great pleasure to drive. Luxury has not been allowed to go so far as to isolate the driver from the road. In the 7 Series refinement and performance have been delicately matched to offer the driver a rare delight. It is not for those who wish to be cocooned in soporific splendour. It is for those who demand space and refinement with character and purpose.

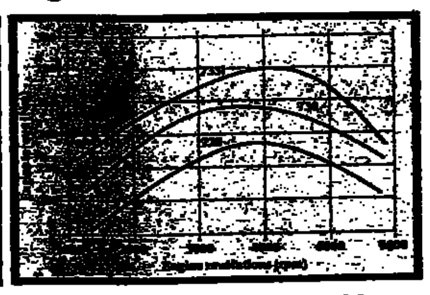
The discreet design of the BMW 7 Series reflects the solid quality found throughout. It is that certain kind of quality that one takes pride in. Inside there's a sense of spaciousness, and the seats and ventilation create an environment of relaxed alertness.

The 7 Series cars offer three different engine capacities – 2.8, 3.0 and 3.3 litres, the latter with fuel injection. The 'straight six' configuration has often been said to be the most refined and smooth running of engines. In the big BMWs the sophisticated design produces excellent power to litre ratios as well. This, of course, is vital for automatic transmission. However it also makes manual driving a very refreshing experience. The four speed gearbox is a pleasure to use and encourages a very positive and enjoyable style of driving. Whilst acceleration through the gears is extremely quick, each gear, due to the wide torque band of the engine, gives a powerful and effortless 'long-leggedness.'

The overall concept of refined driving appeal in the 7 Series is resolved in the chassis and suspension. There is no reason why a large car should not be able to have agile handling as well as



Double pivot front suspension with the small positive roll radius gives improved straight line stability at high speed.



Torque graph shows that a wide, flat band of power is available to enhance effortless driving.

an ease of comfort. The chassis offers handling incomparable in this size of car. To this is also added BMW's speed-related power steering – as the engine speed increases power assistance diminishes so one has maximum assistance for parking, and decreasing assistance as speed increases, for greater road 'feel.'

Drive a BMW 7 Series and one realizes that it offers something unique and satisfying – luxury with complete performance. Indeed in every sense the change to a BMW 7 Series is, especially for those who have become a little weary of driving, as good as a rest.

Insurance Our new exclusive 'Sureplan' Insurance Scheme guarantees, under normal circumstances, to quote, offer competitive rates and fast approval of accident repair estimates. Your local BMW Centre will be happy to introduce you to the scheme.

Leasing Your local BMW Centre can also provide comprehensive advice and assistance on leasing arrangements for your BMW.

Prices:
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● STOCKTAKING

Collecting the data from the shelves

HAND HELD, a data collection and transmission unit from British Brown Boveri sends information at about 12 times Telex speed over phone lines for central storage, ready for feeding to a computer system.

Memoport will make data capture easy in areas from supermarkets to warehouses. Sending and collection equipment weighs about one kilogram and includes an acoustic coupler which fits on to the telephone mouthpiece.

A simple keyboard allows information such as sales orders, instrument readings or any other data collected on the spot to be keyed in to the semiconductor memory. Up to 330 lines of 12 characters each can be stored before transmission, and each entry is shown on a liquid crystal display for checking before it is committed to memory. Data can also be recalled for checking if necessary. The memory is non-volatile (not lost when the unit is switched off).

A useful facility is that the first line of data is semi-permanent, remaining even when the remainder is erased, allowing the retention of, say, a salesman's name.

It is also possible to incorporate a checking program to prevent operators from entering meaningless or non-required information.

Options include connection of a light pen for taking data from bar-coded labels, and a portable printer that allows the entire contents of the portable unit's memory to be printed out. A salesman could then keep a copy of all his orders for the day.

Sending the data involves no more than pushing on the acoustic coupler, dialling the appropriate number and pressing the transmit button. A high security transmission code is used and the central receiver validates the incoming data giving high integrity, even with interference on the phone line.

At the receiving end the data is once again stored and a signal is sent to the transmission end to confirm to the operator there that the data is secure. Subsequently, the information can be transferred to floppy disc or magnetic tape and dealt with by the computer.

A safety feature is that transmission of the data does not erase the portable terminal's memory—it can be sent again if necessary.

More from Glen House, Stag Place, London SW1E 5AH (01-828 9422).

● INSTRUMENTS

Will detect any object

OBJECTS of virtually any size moving at distances up to 600 mm can be detected with a long range infra-red proximity switch put on the market by Calvin Instruments, Church Road, Newport, Gwent NPT 7EJ (0291 422886).

No special reflectors are required and the unit will work with all surfaces apart from matt black. Unaffected by ambient light, the detector has both emitter and receiver mounted in the same box measuring 122 x 40 x 42 mm.

Know as the Series IP, the device uses a modulated beam which permits the electronics connected to the receiver to reject all light apart from the reflected transmitter beam.

● ENERGY

Petrol saver wins a gold medal

STAVELEY Electrotechnic Services, a member of the Staveley Industries Group, is about to make the commercial launch of a new device for the control of air/fuel ratios on petrol engines used in road transport and stationary applications and thus achieve better fuel economy.

Ability accurately to maintain a specified air/fuel ratio ensures that combustion is improved, high bhp provided with, better low-speed torque and noxious exhaust emissions reduced very remarkably.

Above all, it is the claim for fuel savings between 12 and 15 per cent that will attract attention and inevitably, a proportion of disbelief.

Many claims have been made over the years for add-ons to carburettor systems that save petrol and the greater the shortage the wilder the claims for these and other devices appear to get.

The Motor some time ago ran a series of exhaustive tests on "petrol economisers" some of which provided no economy at all.

However, Staveley did not come to its decision lightly and there are serious reasons why it backs the device, culmination of nine years' research and development by Andrew MacGuire an engineering consultant on commercial and industrial applications.

Ferry Cap and Set Screw Company in the U.S. has been financially supporting the development and Mr. Macguire's device has won him the coveted "Richardson Gold Medal" for 1978.

The award of the Richardson Gold Medal is made annually by the Institute of Patentees and Inventors and is given for the invention patented in Britain which, in the opinion of the judges: "best anticipates some future need of common society: or best meets a known demand of common society by some improved method."

Working of the petrol economy device (PED) depends on the diversion of a small percentage of the air, normally entering the carburettor, through the PED. This consists of a chamber containing three plastic spheres and having an entry and exit orifice. The spheres act as the working part of a control valve and area set in vibration by engine vacuum. This results in a pulsating air flow being injected into the manifold downstream of the carburettor.

The injection point is chosen so that the pulsations strike the butterfly valve, causing a break-up of the fuel films which would otherwise cling both at this point and on the manifold walls.

Existence of liquid fuel films in the intake system is normally a limiting factor in complete petrol atomisation and hampers the establishment of stable air fuel ratios.

It has been established during testing in Canada that at low to medium engine speeds significant numbers of pulsations from the PED actually reach the combustion space in each cylinder. Resulting superior atomisation and equal distribution of mixture to each cylinder are the most significant factors contributing to the improved engine performance already referred to.

PED was amongst nearly 10,000 submissions made to the American National Bureau of Standards during its evaluation programme for energy conservation devices. It has been included in the 373 inventions selected to go through to the second stage of this evaluation, a significant step towards the possible acceptance by the U.S. Department of Energy for government grant aid.

Staveley Electrotechnic Services, 68 Grosvenor Street, Manchester, M1 7EW. 061 273 6321.

Oil from shale by laser

WORK GOING on at the Israel Institute of Technology shows promise for the direct extraction of petrol and/or lubricant from shale.

No mining would be involved. The team has shown in the laboratory that underground deposits can be ignited by medium-powered laser beams so that once part of the fuel burns the heat causes the hydrocarbons to be expelled from neighbouring areas in the form of gas.

To do this on site, relatively inexpensive bore holes would be sunk into the shale: part of each bore would be occupied by the laser beam and part by a system of gas and air pipes. A carefully controlled volume of air pumped into the hole once ignition has taken place, can determine the rate of combustion and the temperature reached. A second pipe would be used to extract the fuel gas freed from the shale.

Part of the gas condenses into a liquid form on cooling, but the rest will have to be compressed and treated like other fuel gases. The laser unit can be moved from one bore to another as a field is developed.

More from the Institute, Technion City, Haifa, Israel.

Measures the fields

MADE IN Germany, the Forster Koerzimat 1.095 coercive force measuring instrument is now available in the U.K. from Wells Krautkramer, Blackhorse Road, Letchworth, Herts. (04626 2644).

Coercive force (the reverse magnetising force needed to bring magnetisation to zero after ferromagnetic material has been saturated and is residually magnetised) is shown on a digital display in amps/metre or oersteds to an accuracy of 0.01 A/metre and the reading is retained until the next measurement is taken. Five ranges are provided covering zero to 100,000 A/metre. Residual field strengths are shown on an analogue meter.

Samples used can be as small as one milligramme and are measured within a 41 or 61 mm diameter coil with full screening and fan cooling: the holder has stops to ensure the sample is in the correct measurement position.

Principle of operation is to magnetise the specimen to saturation by a controlled constant field which is reduced uniformly to zero. The residual field is then cancelled with a reverse field, the value of which is displayed.

Fine bright wave forms

A FURTHER general purpose oscilloscope from Gould Instruments division is OS 1200, a portable, dual trace 25 MHz instrument that employs a cathode ray tube with 100 x 80 mm screen and a 6 kV beam accelerating voltage with reduced spot size to give high definition and brightness.

Offering a maximum sensitivity of 2 mV/cm over the complete 25 MHz bandwidth, the oscilloscope is housed in a robust case measuring only 305 x 133 x 420 mm; total weight is 7.6 kg.

Timebase speeds range from 200 ns/cm to 2 sec/cm, with vernier variation over a range of 2.5:1. There is also a ten times expansion facility giving a maximum sweep rate of 20 ns/cm.

Other facilities include the ability to subtract one channel from the other, attenuation, comprehensive triggering and Z modulation.

More from the company at Roebuck Road, Hainault, Essex 1G6 3UE (01-500 1000).

● METALWORKING

Resists the wear from abrasives

BECAUSE OF its extreme hardness, tungsten carbide is generally accepted as being a material used with machine tools, but another application whether this property is said to have particular value is in the manufacture of roof tiles, announces Dymet Alloys, Frimley Road, Camberley, Surrey (Camberley 64433).

It has supplied tungsten carbide products to Powel Automation of Portslade, Sussex, for certain components in the latter's machines for processing sand and cement, under great pressures and at high speeds.

High loads and abrasive forces are imposed on certain components which must be renewed from time to time and since these parts are machined to high standards, renewal can be a costly process. In addition, there are maintenance costs to be considered and loss of revenue from machines lying idle.

These considerations led the roof-tile manufacturer to choose tungsten carbide for particular components, says Dymet, with the effect that working parts are considerably longer-lived.

High heat furnaces

EXTRA HIGH temperature for vacuum heat treatment and brazing specialised components can be achieved in two new furnaces by Torvac of Histon, Cambridge CB4 4HE (022023 2646).

For temperatures up to 1,700 degrees C the model 16HT/1700 uses molybdenum as the basic material for the hot zone construction while the other unit 16HT/2000 has a tungsten furnace element and can achieve 2,000 degrees C.

These higher levels of operation mean that the furnaces can handle high temperature refractory materials such as aircraft engine and nuclear reactor components as well as the glass-to-metal seals found in electronics and instrumentation applications.

Both furnaces are supplied with a modular control system that can be tailored to users' needs, and heating can take place under vacuum, under a single gas charge, or under a continuously purged gas charge at about 0.2 torr.

Safer wires for welders

FLUX CORED SURFACING wires which do not require a carbon dioxide gas shield, have been developed by Corewire, Ash Vale, Aldershot, Hants (0252 517766).

CS air-hardening wires come in three types which can be used in the open where the gas shield would be blown away, or in situations where shielding gas is not readily available. They have internal vapour-phase shielding.

One type is said to be suitable for heavy buildup and can be finished with harder wires for track lines, bulldozer blades, etc. Another resists rolling loads abrasion and impact and is for punches, sheer blades, tractor rollers, idler wheels and track links. Third in the range is for chutes, scraper blades, sand and gravel pumps, bucket lids, etc.

● MATERIALS

Platinum compound to cost less in use

BECAUSE of the sharp increase in the price of platinum, the Technical Metal Products Division of Degussa, Frankfurt am Main, is promoting dispersion-consolidated platinum compounds.

High strength values of this material, which remain unchanged at temperatures of over 1,000 degrees C, allow considerable savings in comparison with pure platinum because of the longer service life of the components or the reduction of weight, while dimensional stability is not affected.

High thermal resistance and creep strength of dispersion-consolidated platinum at high temperatures are due to the small amounts of finely dispersed zirconium oxide that are added to the metal to stabilise the platinum matrix. The creep strength at 1,400 degrees C in a 100-hour test is for example about 13 N per square inch and thus three times greater than that of Pt/10 Rh and 20 times greater than that of pure platinum. The ductility of the material allows hot or cold-shaping by conventional methods. Even machining of the material, which has the same corrosion behaviour as pure platinum, presents no difficulties.

Possible uses for dispersion-consolidated platinum are in all fields where good resistance to aggressive media is required and the material is simultaneously subjected to mechanical stressing and high temperatures. It is available in the form of various intermediates.

Degussa, Postfach 2644, D-6000, Frankfurt 1, German Federal Republic.

● COMPUTERS

Speeding up the bills

ADMINISTRATION of internal financial accounts, budgetary controls and planning of the Stock Exchange will benefit by the installation of a mini-computer installed recently by Micro Business Systems, Aldwych House, Madeira Road, West Byfleet, Surrey KT14 6DA.

To be used to edit and enter the Stock Exchange's financial input data for updating project accounts and the general ledger, the unit will be based on a Jacquard J100 videocomputer with a satellite terminal and two printers, and is designed to operate both independently and also on-line to a large IBM computer that handles a number of Stock Exchange management accounting functions.

One of its prime uses will be to assist in assembling budgets and financial report for services supplied by the Stock Exchange to it 4,500 members and the securities industry at large, among which are the market price display system, the internal telephones and paging service on the floor of the house, and the Talisman service that settles and records daily transactions.

Included in the system is a word processing facility that uses a new software language called Type-Rite. This has been developed by AM Jacquard Systems. In America it was recently awarded the 1978 Datapro word processing award for having achieved "an outstanding degree of user acceptances"—the result of a survey among word processor users conducted by Datapro Research Corporation in conjunction with the International Word Processing Association.

Data entry applications in the Stock Exchange system will be handled by Data-Rite, a data entry language described by Jacquard as the first stage towards the introduction of a full data base management system. This will be used intially to transcribe information from source documents into computer language.

● PERIPHERALS

Printer to provide a cut

LATEST printer from Tally, 7, Cremyll Road, Reading RG1 8NQ (0734 580141) is known as the M78 Self-Service and can deliver cleanly cut items such as airline tickets or hotel bills.

An optically-triggered roller on the printing head presses paper or card against a blade so that when the ticket or form has been printed it is cleanly cut off and appears from a slot at the front of the machine.

Tally says that airlines, shops, hotels, bus companies and banks are among organisations already expressing an interest in the UK. Such units are already in use in Germany for street-corner ticket issue to Stuttgart tram passengers.

Special versions are available for printing flight information strips for air traffic control, and for bar code labels in the retail trade.

● SHIPBUILDING

Propellor to make the best use of power

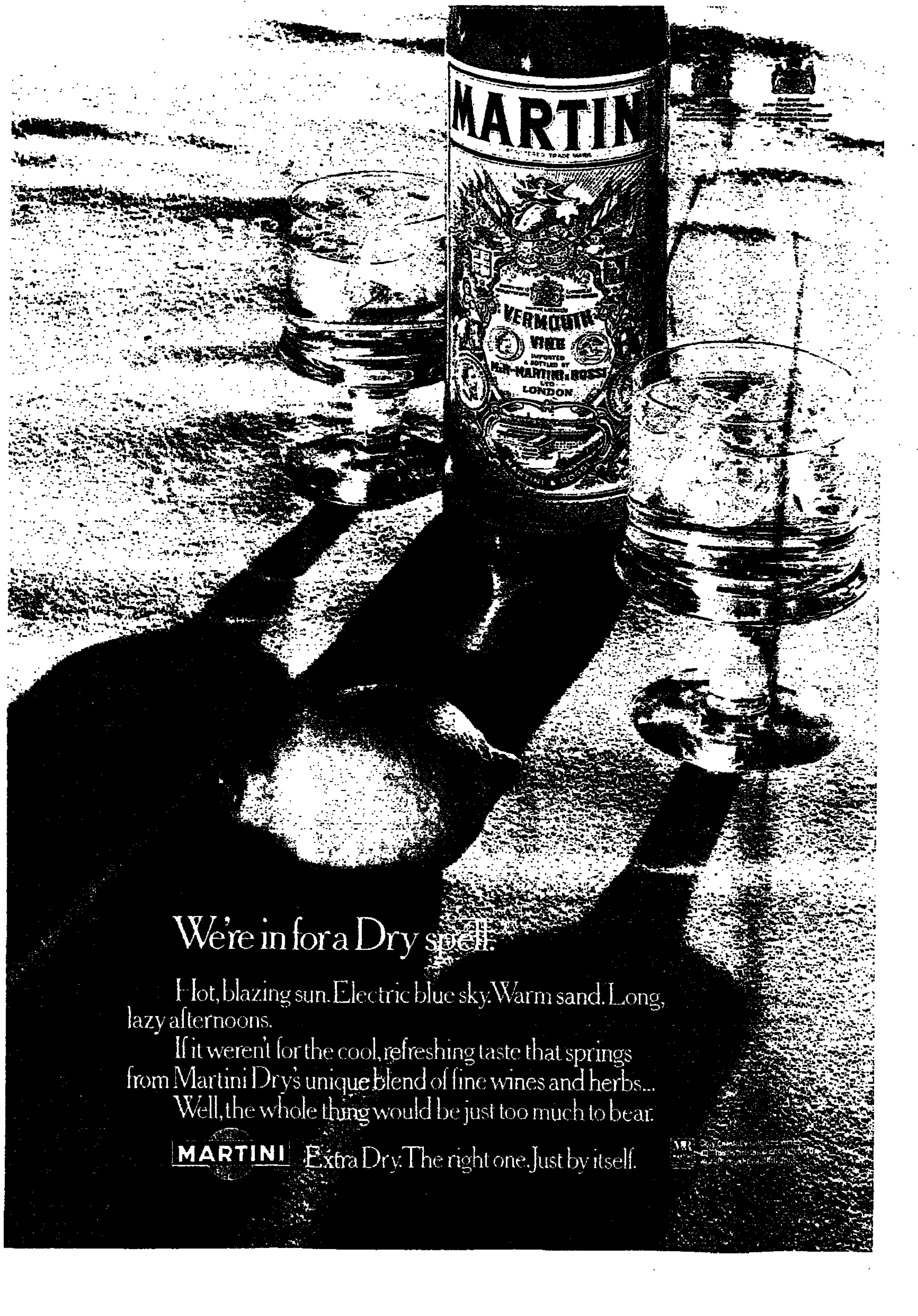
EUROCATCH, now in progress in London, has been chosen by Newage Engineers of Shaw, Lancashire, to introduce a 74-inch diameter four-blade H2P/1A two-pitch propeller system for trawlers and workboats.

The unit is the largest of a range of H2P two-pitch systems developed by Newage — part of the Charterhouse Group — attracting worldwide attention from trawlermen because of their fuel-saving potential when compared to solid propellers used on most fishing boats.

H2P propellers are designed specifically for vessels, such as trawlers and workboats, with two distinct operating requirements: free-running and working. The blades of the propeller are matched to the design characteristics of the vessel to provide a high pitch for free-running and low pitch for trawling or towing.

Change of pitch is effected hydraulically, using oil pumped from a modified reverse reduction gearbox. The system is failsafe because, in the event of hydraulic failure, the propeller reverts automatically to steaming pitch so the boat is not left powerless. The only control for the system is a simple two-position switch in the wheelhouse.

Because the vessel is provided with an optimum blade pitch in both conditions, fuel usage is far more efficient than with a fixed pitch propeller.



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FINANCIAL TIMES SURVEY

Friday June 29 1979

The Channel Islands

Jersey and Guernsey's newly-developed importance as offshore financial centres has buoyed the islands' prosperity in a period when it otherwise would have flagged. Efforts are being made to boost tourism, especially by attracting more visitors from the Continent, and the third staple industry, agriculture, faces a number of difficult problems.

A search for stability

By Anthony Moreton, Regional Editor

E POPULAR image of the ınnel Islands as a place ıre the tourist industry ıinates everything is easy to tain from a cursory view of crowds thronging the ade in St. Helier, Jersey, or ıg the Quay in Guernsey's Peter Port. As the holiday-ɪers window shop and gasp at price of a bottle of whisky a packet of cigarettes, they ght be forgiven for thinking ; is some sort of paradise.

'hings though are rarely ıt they seem on the surface. ırism is not the major source income on either Jersey or ernsey, and both islands—ether with Alderney, Sark, m and Jethou which come hin the Bailiwick of ernsey—face a higher rate inflation than that experi-ed in the UK.

'he holidaymaker is still ortant to the economy but two islands' position as hore financial centres is the st important factor for both them. Stable economic ditions in the world are as ortant to the islands, if not re so, than the visitor.

iversify

n some ways the situation fronting the islands over past 25 years has been not dimilar from that facing the . They have had to come to ns with declining basic ustries and diversify into v sectors; what is undeniable hat they have done it a lot re successfully.

The economies of both Jersey l Guernsey were based ginally on agriculture and fishing on to which tourism was later grafted. But there came a time in the middle and late 1950s when it was apparent that these were not going to provide the growth to sustain expanding economies.

It was then, from 1960 on, that the islands developed their financial expertise to the point where financial activities now account for just under 25 per cent of the national income in Guernsey and (together with the contribution made by wealthy immigrants) about 50 to 55 per cent in Jersey.

Whether the rate of growth which has taken financial activities to such a level can be sustained is open to doubt. Mr. Peter Dorey, president of Guernsey's advisory and finance committee, has said that "it might be more difficult to maintain the growth experienced in the financial sector in recent years." And in Jersey there have been warnings that sectors with shallow roots have to be watched carefully.

Every effort is being made therefore to develop the traditional industries. It is difficult to move about in either of the two island capitals without hearing French spoken and great efforts are being made to attract more continental holidaymakers in case rising costs in Britain should lead to a diminution of the numbers coming from there.

Tourism brought in about £87m last year for Jersey out of a total gross domestic product of £225m to £250m and about £35m in Guernsey, but with prices up 12-15 per cent and another 10 per cent likely this year in Guernsey a careful watch is being kept.

Guernsey had a record year with 8 per cent more arrivals, taking the total number to 331,596 excluding those who came from the Continent by sea. But in Jersey, also hit by rising prices, the number of beds occupied actually fell.

Both islands have aimed to attract French holidaymakers in particular. With an easy hydrofoil service—St. Helier is 1¼ hours from St. Malo, though *France is only 12 miles away* from Jersey at the nearest point, and St. Peter Port 1¾ hours—there has been a big jump.

Seven or eight years ago about one visitor in every 12 who stayed on Jersey came from the Continent; today the figure has risen to one in five. And although the number of day-trippers dropped last year this probably was due in part to the disatrous season in Brittany following the Amoco Cadiz disaster.

Similar trends were apparent in Guernsey and the day-trippers have been particularly welcomed because they put on strain on stretched hotel resources and also tend to spend more heavily than those staying for a week or longer. What has pleased the authorities particularly is that continental visitors have included a significant proportion from Germany, Belgium, Holland and Scandinavia.

The other staple industry, agriculture, faces rather more problems. The islands are finding it increasingly difficult to sell their products, pre-*dominantly potatoes, cauli*flowers, tomatoes and flowers. Jersey's total agricultural exports last year were about 7 per cent down on 1977 and will not have been helped by the severe winter this year.

Of the two, Guernsey is the larger agricultural island and export earning; rose slightly to £35.2m last year (more than double the Jersey figure). Of this, tomatoes accounted for £24.6m. Despite last year's good result the general pattern of the tomato industry is one of decline; the number of acres under glass has gone down from 1,100 to 950 over the past decade.

To counteract this the government gives grants and about 40 acres of greenhouses are being built every year—but at a cost. An acre of greenhouse can now cost £100,000 and, to ensure that growing is as cost-efficient as possible, greenhouses of up to 7½ acres are being put up.

Soil is now almost a thing of the past in the houses and in the larger ones labour has been pared to the bone, which has led to strains elsewhere in the economy which has to absorb *the displaced labour force.*

There is little unemployment in Guernsey at the moment (probably fewer than 100 are *actually out of work*) though because of the seasonal nature of so much of the island's economy there are greater strains in the winter. The main problem is to find suitable long-term employment for those displaced from horticulture and short-term work for the hotels in the summer.

Both islands would like to attract more high-technology light industry, but this is not easy specially when, to protect its population growth and so avoid strain on the housing market, it is difficult to find somewhere to live for essential workers.

In Jersey there has been some strain at the bottom end of the scale where school leavers with few qualifications have found difficulty in getting work. Their situation is exacerbated by the fact that the island (though not Guernsey) adopts a hard line on unemployment. There are few unemployment benefits and so anyone out of work has to be supported by a *relative or friend or take the* next boat to the UK, where he or she will be rather more sympathetically received.

By contrast, the finance sector in both islands has continued to prosper. There has been no diminution in the flow of wealthy immigrants seeking to establish residence in Jersey (the island stipulates that anyone economically or socially acceptable must be able to contribute a sum comfortably above £10,000 each year in tax, which means a gross income well above £50,000, and that he should be able to buy a house well outside the range bought by local people, which means something costing at least about £150,000).

Nor has there been any cutback in the rate of new company registrations. There was some slowing in the rate of increase last year and a changed pattern — fewer registrations Britain but more from non-sterling-area residents and from overseas trading companies.

Guernsey's rules on entry are different. It allocates licences for certain essential people to buy houses: this year 90 will be issued, of which the States (or Government) will take a proportion. Otherwise those wanting to come in have to buy *a house on the open market* register, of which there are only 1,400 out of a total island stock of some 18,000. At the moment, there are only a *dozen or so houses on this list* for sale.

The underlying trend of the sector remained satisfactory last year with the 879 new companies registered, only 20 short of the record total the previous year. No new banks were established last year, but because fewer companies were struck off the register or went into liquidation the total rose by a record 602 to 5,526 (and another 12,675 in Jersey).

The real concern as the autumn approaches is how fast the rate of inflation will accelerate. Neither island can divorce itself from what happens in the UK, to which they are closely linked economically. The usual pattern has been for the islands to follow the trend of inflation in the UK but to be a couple of points above it.

Last year the cost of living rose 11 per cent in Jersey between June 1977 and June 1978, at a time when it went up by 7.4 per cent in the UK, and in Guernsey the rate was 9.1 per cent during 1978 against 8.4 per cent in the UK. By this March the annualised rate in Jersey had crept back to 11.6 per cent and hopes of getting it into single figures had been abandoned.

Neither island has a rigid pay or prices policy so wage rises tend to be nearer the rise in the *cost of living except where rates* are determined by what happens on the mainland (teachers, some civil servants, nurses). More recently, a local element *has been introduced which will* add to the inflationary pressures.

Prudent

The States in both islands are aware that this means prudent budgeting. Both adopt essentially conservative approaches to the general direction of policy, creating a budget surplus to pay for future spending.

Such a policy has suited the islands because they have prospered. The authorities are aware that the future will present new problems, not least being the effect that a change of government in Whitehall and a change of direction in tax policy might have on them.

But they are not pessimistic. When policies are being considered the paramount aim is continuity and stability and it would take a very large shift in world economic conditions to knock them off course.

New industries provide economic diversity

LIGHT INDUSTRY has been *welcomed in the Channel* Islands as a means of diversifying the economy and creating steady employment—especially in Guernsey where there has been a need to offset the fall in horticultural jobs through modernisation.

Both Jersey and Guernsey can afford to be highly selective about the industries they allow in, because there is no shortage of applications.

The Channel Islands offer a very attractive package, with low income tax, minimal government interference, quick decision-making by local authorities, reasonable access to both UK and Continental markets, and political stability. They are also very pleasant places to live in, and there is little industrial unrest.

Disadvantages are the restrictions, particularly on housing and land, that the islands have to impose for social and environmental reasons, and the shortage of skilled local craftsmen and technicians. From the *Channel Islands' point of view*, it is important to select a variety of small to medium-sized production units, employing from 20 to 200.

Says Mr. Ron Barton, Guernsey's Industrial Development Officer: "What we look *for is good quality companies* making high added-value products. We try to diversify those that are set up but we cannot cushion the island from general economic trends outside. And when considering a new application we bear in mind our *responsibility to existing local* light industries."

In Jersey the number employed in light industry has remained steady since 1971 at around 1,000. Exports in 1978 were well over £20m. The latest estimate for Guernsey's *exports is around £40m in 1977*, when the number employed was over 1,400.

These figures reflect the degree to which each island has found it possible to balance growth against pressures to open up new industries—which *remain very high—and the* islands' resources—which are very limited.

Jersey's policy is that priority should be given to existing local businesses that want to expand or move to better premises. This does not *preclude a new industry being* allowed to set up if what it has *to offer is interesting and fits* into the island's overall economic policy.

However, recent recommendations put to the island's Parliament for controlling immigration, are bound, if adopted, to affect the development of light industry, since they include tighter restrictions on the starting of new businesses and enlargement of existing ones.

Guernsey could absorb up to two new units of the right kind a year, but priority is likely to be given to a business that employs men rather than women.

Meanwhile the existing light industry sector in the Channel Islands is booming; the range of products made in Jersey and Guernsey, and the world markets they reach, make an impressive list.

Training facilities at the islands' colleges of further education, and within the local companies themselves, have widened in scope to meet the need for local recruitment at every level.

Expansion

Traditional industries such as boatbuilding and knitwear show healthy expansion in Guernsey. Le Tricoteur began producing traditional Guernsey sweaters in *1965 with two full-time staff* and six handknitters working from home. In the next few months, the company moves from its existing 5,000 sq ft premises to a new 12,000 sq ft factory at the Pitronnerie Road industrial estate, where it has a further 18,000 sq ft available. Le Tricoteur is a model as regards housing. All 70 staff are local, and 400 additional outworkers are employed.

Islanders also head two relatively new thriving companies. Mr. Maurice Le Huray is managing director of Universal Packaging—a Guernsey subsidiary of Lonsdale Universal—which employs 30 and exports plastic sheeting to the mainland and to Holland, France and Canada.

Operations manager at Dynatech Data Communications, offshoot of the Dynatech Corporation of Burlington, Massachussets, is Guernseyman Mr. Alan James. This company, which makes units used in computer communications technology, began operations in 1977. It has 45 employees and last year doubled its turnover to £2m.

Electronics is well represented among Guernsey's most successful enterprises. The American oscilloscope company Tektronix opened up on the *island in 1958 and is now the* biggest industrial operation in the Channel Islands. It employs 700—45 per cent of whom are men. Besides assembly, it manufactures a range of electronic components and supplies 19 countries.

The Guernsey subsidiary of Eurotherm began making components for electronic industrial temperature control equipment for its UK parent company in 1973 with a staff of 25. Now it has a 13,000 sq ft factory in St. Peter Port employing about 115, and this year began production and assembly of a complete unit for export to France.

Now occupying its own 40,000 sq ft factory and office block at Brave Road industrial estate is the manufacturing chemist Simco, which started with a staff of 12 in 1975 and today employs 50. The company's main product is Denclen denture cleaner and this year it began making packaging for some six over-the-counter pharmaceutical lines.

Latest arrival to Guernsey is *Teal Engineering*, which started operations a few months ago and makes Jupiter pumps and fresh water systems for caravans and boats, employing 15.

There are two main areas in Jersey where new factories can be sited—the existing Rue des Pres trading estate in St. Saviour, where only the first phase of development has been completed, and on part of land reclaimed from the sea at La Collette, near St. Helier.

Among the half-dozen companies already on the estate is RCA (Jersey), set up as British subsidiary of the American giant in 1966 and now employing about 120 on the production of television broadcasting equipment for world export.

Last year the company won a major contract to supply colour television equipment to Yugoslavia and recently it received a £2½m order for 90 television cameras from Radio Televisione Italia, which will have 140 of these Jersey-made units in use by the end of the year.

RCA has always relied for staff largely on internal training of local school-leavers, and of the original group taken on some are now in senior positions.

A small company on the Rue des Pres estate that has an impressive export record is Jersey Fine Tools, which *employs 23—half of them Jersey*-men—in the manufacture of metal-cutting machinery. Its range of precision cutters is exported to the U.S., Australia, Canada, South Africa, the Far East and most parts of Europe.

Specialists

Jersey's largest industrial concern is Rediffusion Reditronics (formerly Television Research), the companion company of Rediffusion Channel Islands, which operates radio and TV cable systems locally.

Specialising in the design and manufacture of electronic equipment for background music, public address systems and the like, this 28-year-old company occupies a 50,000 sq. ft. factory at La Pouquelaye on the outskirts of St. Helier. It has a staff of 210 and an annual turnover approaching £2m, with half of its output going outside the UK.

Last year the company launched a new line in audio-visual aids for museums, historic sites, wildlife preserves and similar locations. These are housed in highly weather-resistant metal columns and are produced in two forms—"talking posts" and "listening posts," the latter providing a commentary only audible to the person plugged in.

This equipment is now used at 17 sites in the UK and recently an initial order has come from Canada. The company also reports considerable interest from Holland.

Tyre-retreading plants in use in some 70 countries were made in Jersey at the Longueville factory of Kentredder, a highly successful local venture started in 1961 by Commander J. H. F. Kent, an ex-naval man with long experience in the rubber industry.

Two systems are supplied to users as a complete package, with the company's engineers flying out to put them into commission and train local personnel. At present Kentredder, which has a staff of 65 and an annual turnover of £800,000, is carrying out a major programme for the Australian tyre company Bell Bros.

Willa Murray

Peter Dorey

FROM HIS office on the quay at St. Peter Port, Guernsey, Peter Dorey can look out over the yacht basin to the islands of Herm and Sark. Next door, on the one side, is the Royal Channel Islands Yacht Club and on the other a yacht chandler's. Even the pub beneath the club is the Ship and Crown.

This emphasis on the sea is highly appropriate, for Peter Dorey in his capacity as chairman of Onesimus Dorey (Holdings) runs a successful ship-owning business and in his leisure time races an Oyster 37 yacht.

PROFILE

Dorey, though, is more than just a businessman who pursues his hobbies with the same intensity. He has for the past 18 months been president of Guernsey's Advisory and Finance Committee, a position that might be called the island's Chancellor of the Exchequer. As the island has no political government as the UK understands the term his position makes him the senior politician on Guernsey.

At the age of 51 such success sits easily on him, as well it might for he can trace his lineage back some 400 years. Not that this is an especially long time, as he is quick to point out. "Really the Doreys are young in Guernsey terms. There are people here who can trace their antecedents back 1,000 years."

Dorey is one of the "200 families" on Guernsey, though he would deny that, too. An insular society such as Guernsey has its own rules of precedence just as much as the British have and Peter Dorey unquestionably has a special place.

It is not his family heritage, though, which has brought him to his present position, though it cannot have been a hindrance.

The shipping business was founded by his great grandfather, Josiah, in 1854, but it was his son, Onesimus, who really established the business on a sound footing after the worldwide shipping slump of 1873.

Dorey ships traded across the Atlantic and by the late 1890s, apart from Continental tramping, the Doreys were running liner services between the islands and Plymouth. The expansion was continued by Cecil Dorey, Peter Dorey's father, through the terrible trading conditions of the 1920s and 1930s, and despite the tribulations of the Second World War when six of the fleet's eight vessels were sunk.

Peter Dorey was almost 12 when war broke out and a year later he and his family left Guernsey for England just days before the Germans arrived.

"I remember that June very well. You could see gun flashes on the Cherbourg peninsula as the Germans arrived and when the oil tanks blew up a big pall of black smoke hung in the sky.

"We left the island with a lot of other people. Our destination was Newlyn but when we got there we were met by customs who told us we could not stay there as it was not a scheduled port. We had to go to Falmouth, we were told.

"But the previous evening six ships had been sunk off Falmouth and there was no way we were going there. My father could be a very obstinate man and he certainly got the better of customs on that occasion."

After the war the Doreys returned and started rebuilding the firm. Peter Dorey spent spells in London, Copenhagen and Oslo, learning the shipping business, and joined his father in 1951. It was 12 years later before he succeeded his father as chairman of Onesimus Dorey and Sons, the parent company and in the 16 years since he has not only continued the expansion of the firm, a private company, but also restructured it.

Determination

In 1964 he started Condor, with associates, to run a hydrofoil service and is proud of the fact that he has a certificate from the Board of Trade proving the company to be the first in Britain to run a cross-Channel service between the islands and Britain.

They were difficult years and in the middle of 1967 Condor faced catastrophe when technical faults hit the engines. Condor suffered a loss of £250,000 and Dorey had to consider very seriously whether to pull out or go on.

But there is a streak of Onesimus in his make up and even though the company did not trade for nine months until March, 1968, the decision he made was proved right. "Together with the determination of the personnel we never looked back after that point and the next year we took on another hydrofoil."

But there had been a tendency to diffuse effort. Services to Cherbourg, Granville, St. Malo and Jersey were reappraised and consolidated to create frequent services between St. Malo, Jersey, Guernsey, Sark and Alderney.

Administratively, the group was restructured in 1972 with Onesimus Dorey Holdings being set up as the parent company, Onesimus Dorey 1972 (later to be renamed Onesimus Dorey

CONTINUED ON NEXT PAGE

Tighter controls in the financial sector

IER THE recent rapid wth of the offshore ncial activities of the islands this would appear to be a time for solidation in both Jersey Guernsey. In Jersey the ılation in the number of new ks seems to be tapering off: the wake of the liquidation a finance concern which sed considerable head-shak- among the financial com- ıity, Guernsey is taking fresh :k of its laws governing pro- ion of depositors.

inancial activities now ount for just over 25 per cent he national income of Jersey rather under 25 per cent of ernsey and each island's ninistration is highly con- us of the need not to allow sector to become too domi- t in its economy. Each is acutely aware that the nge of Government at West- ster could affect its island r the longer term if tax rates reduced in the UK—though optimists also believe that ending of UK dividend raint or relaxation of nange control would bring e but benefit.

he number of new company strations continued to rise ersey last year, though there a subtle shift of emphasis the rise was not nearly as ng as in the previous year. Guernsey the number ıally dropped back slightly. ecline caused entirely by a in the number of corpora- tax companies (those which an annual fee of £300). The nber of resident trading npanies, which pay tax at the 20 per cent on their dis- uted profits, actually rose.

ı Jersey the shift of phasis was that almost all the ors relating to local people sterling area residents fell y, whereas companies regis- d by non-sterling area resi- ts or overseas trading com- ies actually rose in number.

Colin Powell, Jersey's nomic advisor, comments one of the main growth s is in international loans that another sector on a ng curve is trust business.

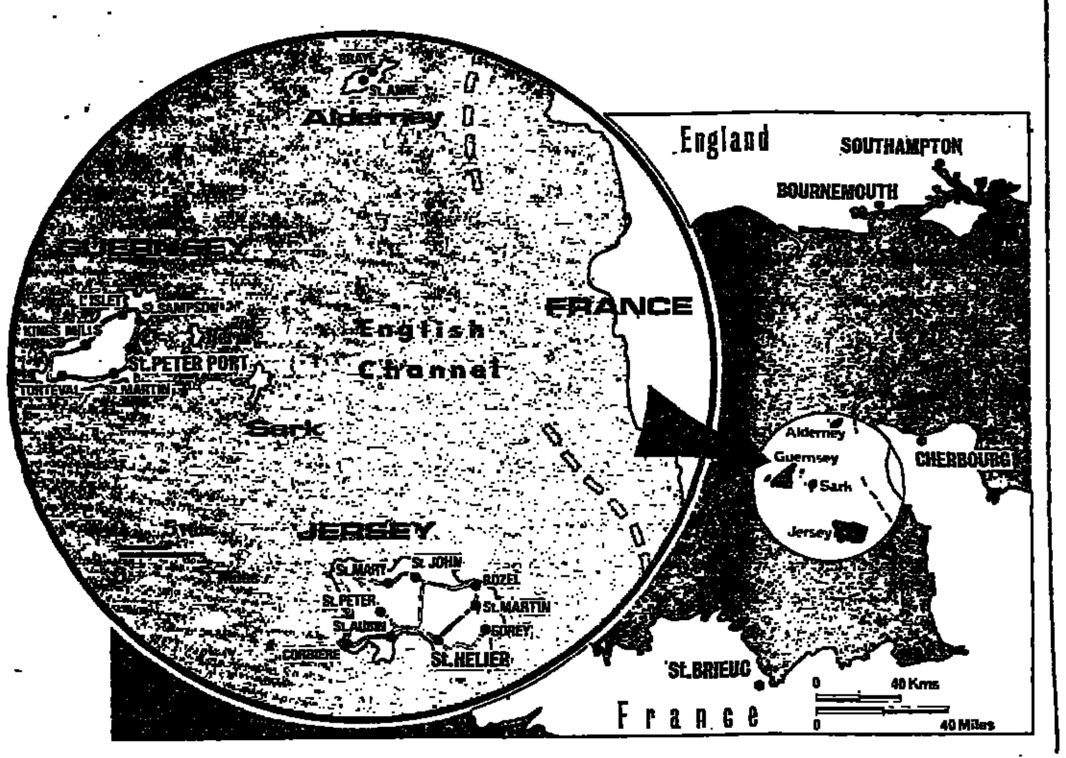
ut Jersey is now adopting a h stricter attitude towards banks. It has most of those ants and in an effort to pre- t saturation of the market it probably in future allow in those from areas which not now represented—or at t not strongly represented. hree have opened in the past months—Morgan Guaranty November, Banque Nationale Paris in May and Banco de oao earlier this month. There now no one knocking on the r and while that door is not ed it will be more difficult open as Jersey adopts a more gmatic approach.

hange

This change of emphasis ıld now lead potential en- nts to turn their attention Guernsey. The income from poration tax, document duty d other company fees on that and increased by some 22 per nt last year and it looks as ugh this increase will con- ue. Over a third of the new npanies formed last year re for non-residents of the heduled territories which, cording to Mr. Alec Forty, ites supervisor, "demon- ates that the island's advant- es of political stability, vourable tax structure and oderately priced efficient fin- cial services were widely cognised internationally."

One area where progress is ing ahead only slowly is law form. There has been a lot of k on Jersey about reforming e structure of company law, hich essentially dates back to 61. Jersey's company law remains largely structured on the basis of regulating the activities of the community of small businessmen, farmers and fishermen it once was.

Eight years ago Mr. David Morgan, the island's former commercial relations officer, was asked to draw up a new code after a nasty run of bankruptcies. He spent some time drawing up draft recommendations but some of them ran into a lot of opposition. Particularly disliked were those which suggested that locally registered offshore companies should have at least one resident director answerable for its activities, that every company must maintain a register of beneficial owners and that companies should be dissolved if, after warning, they failed to make their annual returns within three months of the required date. Jersey decided to do things in a piecemeal way instead.



Proposals

A new trust law is probably near (within the next nine months it has been suggested) and a chattel bond law has been submitted to the appropriate committee. But the necessary rethink of company law remains on the shelf.

Mr. Ken Lawson, managing director of New Guarantee Trust of Jersey, the only bank wholly owned and controlled on the island, believes there is need for a new insolvency law. "No one wants to make the law more complicated or to destroy traditional facilities about confidentiality, and this is probably why the Morgan proposals ran into such opposition. But there is a need for a more modern outlook combined with Jersey's traditional simplicity."

In Guernsey too the need to update laws is accepted. Mr. Forty reports that "considerable progress has made in drafting legislation relating to the regulation of insurance business and to the creation of charges on personalty. A number of other areas are also currently under review."

One of those areas under review is the law protecting depositors. This review started as a consequence of the failure of Barnett Christie Finance. Barnett Christie was refused permission to take further deposits at the end of 1976 but the ban was never publicly announced. Eventually the company was wound up with a deficiency of more than £1.6m and a liquidator appointed.

The liquidator is understood to have approached the banks on Guernsey to see if they would participate in some form of rescue operation but was rebuffed, and there is some feeling within the financial community that the Protection of Depositors' Act did not operate all that well.

The advisory and finance committee's case is that if it had announced that Barnett Christie had been prevented from taking further deposits the whole financial structure of the island could have been hit. In January, however, the committee decided to publish any change in status or business of any deposit-taking institution or bank, which concedes the case of its critics.

Elsewhere, Guernsey continues to attract captive insurance companies (insurance companies are barred on Jersey) and in Jersey the Trustee Savings Banks have launched a gilt fund for expatriate investors which while it will appeal primarily to non-UK residents should also have some interest for British pensioners.

Anthony Moreton

Peter Dorey

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hipowners) taking over the ıipowning role (that company urrently has four dry cargo essels), and the shipyard of Iarine and General Engineers, cquired in 1974, looking after he engineering side.

As chairman of a private ompany Dorey does not have o disclose its financial osition, but he maintains: "The roup is trading satisfactorily." The passenger side has ertainly developed very well. Condor carried 31,000 passengers in 1964, its first year of operations, and more than 50,000 last year. With the growing popularity of the slands among the French this igure is certain to rise still urther.

To provide the best possible services Dorey keeps a close watch on the development of fast surface transport around the world and maintains contact with many manufacturers and operators. In 1976 the company bought its latest hydrofoil, an electronically-stabilised vessel. But the bugs had not been worked out of the system, a nasty setback which cost the firm more than £600,000. Dorey reflects that manufacturing companies often tend to use operators as working research stations.

Setbacks such as these have not stopped Dorey from pressing on in politics as well as business. It was a desire to serve the community which started him on the political road. He feels that too often politicians refer to having power, whereas the operative word should be "service." He would never admit it but it was in a way continuing his responsibilities as one of the "200 families."

To his contemporaries Peter Dorey is something of a loner, but an instinctive leader. He was first elected a deputy in 1969, in a by-election, ignoring for once the advice of his father never to go into politics.

Six years later he was elected by his contemporaries to be one of the 12 Conseillers in the States, the island parliament. Two years later he was president of its leading committee. That sort of accolade is not lightly bestowed by politicians on their colleagues so it reflects the trust they have in him.

A.M.

Prudent plans to hold agricultural output

GLASSHOUSE ROOFS shimmering in their hundreds remind the arriving air traveller that Guernsey is still very much a community that makes its living from the soil—or nowadays more accurately, from imported bags of peat.

About a sixth of all the tomatoes bought by the British housewife are grown on these 24 square miles, and the Guernsey Tom is available on the UK market for longer than any of its competitors.

The island also has a larger area of roses under glass than the whole of mainland Britain and exports substantial quantities of freesias, iris, carnations and other flowers.

But it is the "love apple," shunned as poisonous because of its scarlet skin when first marketed over a century ago, that has built those 950 acres of glass, and appropriately Guernsey has what must surely be the world's only tomato museum.

At this time of the year the Guernsey Tomato Marketing Board, the efficient producer-controlled body that handles all exports, ships 350,000 to 400,000 six-kilogram trays across the Channel in a week. By the end of October about 50,000 tonnes will have been graded, inspected, palletised and shipped, mainly to the UK but also to France.

Tomato sales earned nearly £25m for Guernsey last year, and horticultural exports as a whole about £35m—roughly equivalent to tourism revenue. In Jersey, by contrast, the value of horticultural and agricultural exports, at £15m, was only a sixth of tourism earnings.

Nevertheless it is the larger island that presents the traditional farming scene, with its fields of daffodils—almost a thing of the past in Guernsey—its French seasonal workers digging new potatoes, its outdoor tomato crop and cauliflowers.

Jersey's agricultural output is far more varied than that of Guernsey and, encouraged by the demand for fresh produce from hoteliers and restaurateurs, locally grown vegetables are more plentiful. New potatoes remain Jersey's main agricultural export, although in last year's poor potatoe season, with shipments well below the usual 40,000 tonnes, tomatoes nearly caught up.

Hydroponics—soil-less growing in a nutrient solution—has been taken up enthusiastically by Jersey's glasshouse tomato growers, and this season 25-30 per cent of the 90-acre crop is being produced by this method.

Warming the nutrient solution, combined with lower night temperatures, is seen in Jersey as a promising means of saving on glasshouse heating—a problem which, because of the rising cost of oil and fears about its future availability, is currently preoccupyng growers in the islands.

In Guernsey, where hydroponics is little used and tomatoes are grown in modules, troughs or pots of peat, double glazing, thermal blankets, root-warming and varying growing temperatures are some of the oil-saving methods being tried out.

Meanwhile, faced with oil price rises that could add over £1m to their production costs this season, leading Guernsey growers believe that within 20 years or less the island will have to go back to coal-fired boilers. There have been appeals in Guernsey for growers not to save on heating next winter by planting crops later, as this is seen as a serious threat to the March-to-October marketing pattern the island has built up.

Girls pack carnations for export on a farm at St. Helier, Jersey

Revenue

Under the Channel Islands' special relationship with the EEC, Guernsey and Jersey retain any revenue that accrues locally from the common external tariff, but do not benefit from Community subsidies. The only financial support Guernsey's tomato and flower growers receive is an investment grant of up to 20-22 per cent towards modernisation of their nurseries (or "vineries" as they are still called from the days when dessert grapes were the island crop).

The aim is to concentrate the industry into 850 acres of modern glass by the mid-1980s, and it reflects the confidence of local growers and their financial backers that the programme seems to be on target with 40 acres of new glass going up annually.

In Jersey the States subsidises the growers' advertising and also makes a bonus payment to those who market edible produce through one of four approved co-operative groups. Jersey has no central marketing organisation like Guernsey's tomato board, though recently there has been a renewed call for such a body.

Over the years several attempts have been made in Guernsey to centralise flower marketing, but these have been fought off by growers with a ferocity that has caused political crises.

Flower marketing is, in practice, more co-ordinated in Jersey with 60-70 per cent of exports going through one co-operative, Vanguard, and all the marketing groups combining through Jersey Exporters to sell spring flowers, chiefly daffodils, on the Continent.

In recent months Channel Islands flower growers, like their mainland counterparts, have become increasingly alarmed about the quantity of flowers being flown into Britain from overseas, especially from Israel. The Guernsey Growers' Association has asked the island's Committee for Horticulture to voice its concern to the UK Government in the hope that this will reinforce the action being taken by the National Farmers' Union through the EEC.

Meanwhile Guernsey's rose growers, who made £3.7m last year from sales of over 250,000 boxes, face the prospect at last of having to pay royalties to the plant breeders — a levy a number of them have escaped to far because there is no local legislation on the matter.

For years the plant breeders and mainland rose growers have been trying to bring pressure in the UK and locally for Guernsey to come into line with the international convention.

After successfully side-stepping the issue for a long time, the island authorities have now assured representatives of the organisation safeguarding plant breeders' rights that it is intended to bring forward definite proposals later this year.

Edward Owen

Produce at a tomato nursery in Guernsey

THE CHANNEL ISLANDS V

Passionate islanders defend their identity

...E CHANNEL Islands are ... as many people imagine, ...ingle unit, speaking with ... voice. They are an archi...ago where each island ...ely defends its separate ...tity—right down to a tiny ...itory with a resident popu...on of seaweed-eating sheep.

...lderney and Sark, which ... their own parliaments, ...e within the administrative ...wick of Guernsey, as do ...ou, Lihou and Herm.

...ersey is responsible for the ...hous, halfway to France. ...e, former hermit Alphonse ...Gastelois ruled over rabbits ... sea-birds from 1961 to ..., when he returned un...ingly to Jersey.

...ut Alphonse is still press... for ownership. He says ...ey has no jurisdiction over ...reef because it lies outside ...e-mile territorial waters.

...his passion for inde...dence has been a driving ...e in Alderney, which was ...lly evacuated before the ...pation and turned by the ...mans into a concentration ...p.

In 1948, under a tri-partite agreement between the Home Office, Guernsey and Alderney to set the island back on its feet, Guernsey accepted financial responsibility for Alderney.

A new constitution was worked out for its parliament, making Alderney's the most democratic in the Channel Isles. Today, there are 12 MPs headed by advocate Mr. Jon Kay-Mouat as the island's popularly elected President.

The island's economic recovery after the Occupation was remarkable, enabling it to take on some public services, such as water and roads, previously shouldered by Guernsey.

Jon Kay-Mouat say: "In the last 20 years we have only twice been in the red—and that for minimal loans."

Alderney is about 3½ miles long by 1½ miles wide, with a population of nearly 2,000. Almost two-thirds are settlers from the UK.

In March, 1977, the States of Alderney commissioned a £6,000 economic study from ICFC Numas. The main fear was that without an economic policy, the island could drift into debt, leading to greater dependence on Guernsey and restriction of Alderney's freedom.

In August the same year, the finance committee produced a draft policy based on the report. Among main recommendations was that Alderney should aim to take over from Guernsey all departments of government that could be run locally to better advantage.

Income tax, it was advised, should remain at the same level as Guernsey's But Alderney would benefit from the right to levy its own rate of local duties and from not being bound by the same social service commitments as Guernsey, with a population of 54,000.

Encourage

The number of elderly retired settlers and the drift away of young islanders unable to find work has been a problem for some time. Introduction of work permits (Alderney is the only Channel Isle to have done so) has helped minimise unemployment, but the Finance Committee wants encouragement of light industry employing up to around 20.

The Committee is also seeking to ensure that in future newcomers are of economic and other value to the island and not a drain on medical and hospital services.

To this end, Alderney's parliament approved last May proposals that geriatric patients at the island's hospital who had been island residents for under 10 years should pay the full rate for services.

While Alderney is working out a blueprint for prosperity and greater independence, the 20th century is beginning to batter at the walls of Sark, last bastion of feudalism in the world.

Roughly the same size as Alderney, Sark is a complete contrast, with a hereditary feudal ruler and a population of about 540. Its parliament of Chief Pleas has changed little since 1565, when Helier de Carteret, the first Seigneur, came from Jersey with 40 families to colonise the island.

Sark has always been self-supporting and enjoys greater independence from Guernsey, only nine miles away. Drinks and cigarettes are the cheapest in the Channel Isles.

Famous for its ban on cars, the island has a traffic problem —tractors. Thwarted motorists, particularly the wealthy settlers, use them freely for getting around the island's dusty, unmade roads.

Legislation has been introduced gradually to limit the number of tractors and curtail their use.

Sark has no income tax and no social services, the only direct tax being the "quarter" —sometimes nicknamed "the guess"—tax. It is levied on property, formerly on the basis of the number of rooms. This is now being changed to the floor area, which is felt to be fairer.

But the tax, at present 50p a quarter, also takes into account a resident's capital—hence the guesswork. Disgruntled inhabitants who think they are being unfairly taxed must swear on oath in Sark's court that they are not worth as much as was supposed.

The money is used to subsidise those in need. Single people can draw £16 a week.

Says Mr. Hilary Carr, Seneschal of Sark: "No doubles have applied for relief lately, so we have not worked out what they would receive."

Keeping to Mr. Micawber's recipe for happiness is essential budgeting for Sark, which has an income of some £70,000 and spends about the same. As a mini-country investor, inflation over the past five years has eroded reserves, which stand at about £55,000.

The Seigneur is Mr. Michael Beaumont, grandson of the late Dame Sibyl Hathaway. He thinks that the main problem is to maintain a thriving tourist industry without spoiling the island's character and tranquility.

At Herm, the small isle three miles off St. Peter Port that belongs to Guernsey, Major Peter Wood and his wife, Jenny, have succeeded in establishing a booming tourist trade without detracting from a treasure island charm and natural beauty.

The couple are celebrating the 30th year of their tenancy. When they arrived in 1949, the island was wild and neglected, and the White House Hotel took 20 guests.

Today, it accommodates 91 and Herm attracts some 90,000 day visitors a year. In addition, the Woods have established a dairy farm with the largest milking herd in the Bailiwick and also a little community of 12 resident families.

Herm's neighbour, Jethou, is Crown property. The lease was bought for over £90,000 in 1971 by Sir Charles Hayward, the millionaire philanthropist who was formerly chairman of Firth-Cleveland. Sir Charles and Lady Hayward now occupy it as their private island.

Also Crown property is 50-acre Lihou, just off Guernsey's west coast, which is joined to the mainland at low tide by a cobbled causeway. Its tenant since 1958 has been Colonel Patrick Wootton, a farmer and landowner living in Guernsey.

He has built a house on Lihou to which he and his wife intend to retire, but at the moment he is fighting off a claim to the island by the parish of St. Peter's.

Willa Murray

Energy thrift essential

EVER SINCE the fuel crisis of 1974 energy conservation has assumed increasing importance in the Channel Islands. Dependent as they are on imported oil—and likely to remain so for many years to come—the island economies are especially sensitive to oil price rises and supply problems.

Authorities in Jersey and Guernsey which have been studying the situation for some time agree that although alternatives must be constantly reviewed, conservation is the only policy that makes sense at present. However, while the major users of imported oil have introduced a number of economy measures—and continue to research new—there are signs that the conservation message has not yet got through to the population at large.

Demand for gas and electricity increased during 1977 and 1978. Some of this increase was attributable to the bad weather and some to the increase in consumers. Nevertheless, a proportion is blamed on inefficient space and hot water systems and on poor insulation. The latter defect is roughly estimated to cost Guernsey alone at least £500,000 a year. There are those in both Jersey and Guernsey who believe no real progress will be made towards reducing such waste until tougher building regulations are introduced.

Accusations of waste are also being made against private motorists, whose petrol—because of lower local import duties—is cheaper than on the mainland and on whom there are no restraints. It is a fact that the vehicle populations of both Jersey and Guernsey are, per capita and per road mile, among the highest in the world.

Recent pleas to introduce traffic curbs, which in Guernsey include the idea of a car-less Sunday afternoon every month, have so far been resisted by the island governments on the grounds that limits on vehicle ownership, size or use are neither necessary nor politically acceptable.

The conservation argument, however, is expected to strengthen the hand of environmentalists—and some motorists themselves—who claim that the pressure on road and parking space is becoming intolerable.

Guernsey's official policy of conservation is the responsibility of a special sub-committee of the island Parliament set up in April 1978. In a report this March it called for a commitment for every islander to reduce waste and has itself instituted a survey of the cost and efficiency of heating systems in all public buildings, including schools.

Jersey's sub-committee on energy is chaired by Senator John de Carteret and has links with the South West Energy Group based at Exeter University that also has representatives from the Devon and Cornwall County Councils, Plymouth Polytechnic and the Camborne School of Mines.

Senator de Carteret, who has been among local politicians to agitate for traffic curbs, claims: "There is an awful lot of wasted energy in Jersey at present." His committee is due to present a major report to the island Parliament later this year.

Substantial users of imported oil who have been at the sharp end of continual price increases have needed little urging to improve their efficiency. Guernsey's horticultural growers, for example, with nearly 950 acres of heated commercial greenhouses, hope to achieve substantial savings by introducing new day and night temperature regimes and thermal blankets.

In 1976-77 the privately owned Jersey and Guernsey gas companies introduced new production plant, increasing efficiency to 99 per cent and slashing up to 10 per cent off their LPG costs. They supply their consumers with a butane/air mixture—a substitute for natural gas.

The Guernsey Gas Light Company is also involved in selling, through its group, insulation materials and expertise, and is in the early stage of introducing solar hot water heating systems—as indeed are a number of other private companies in the islands.

Alternative

Mr. John Morris, managing director of the company, believes that solar heating could come into its own by providing hotels with alternative heating for swimming pools and hot-water systems as the period of their maximum demand falls in the summer months.

Guernsey's Electricity Board, which is State-owned, is installing more efficient generating plant in the form of slow speed two-stroke diesels, the first of which comes into operation this autumn. It will also give the Board more flexibility in the use of feedstock.

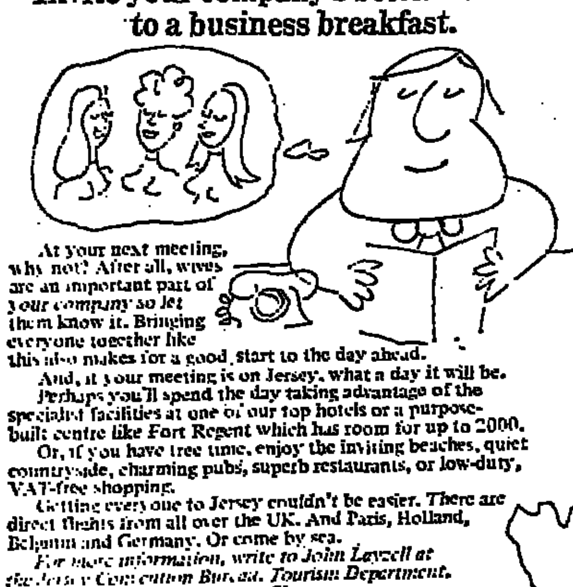
Heat from the generating process hitherto wasted is to be used to space heat the Board's new premises and the idea of piping more heat to nearby consumers is being studied—as is the use of coal as a feedstock.

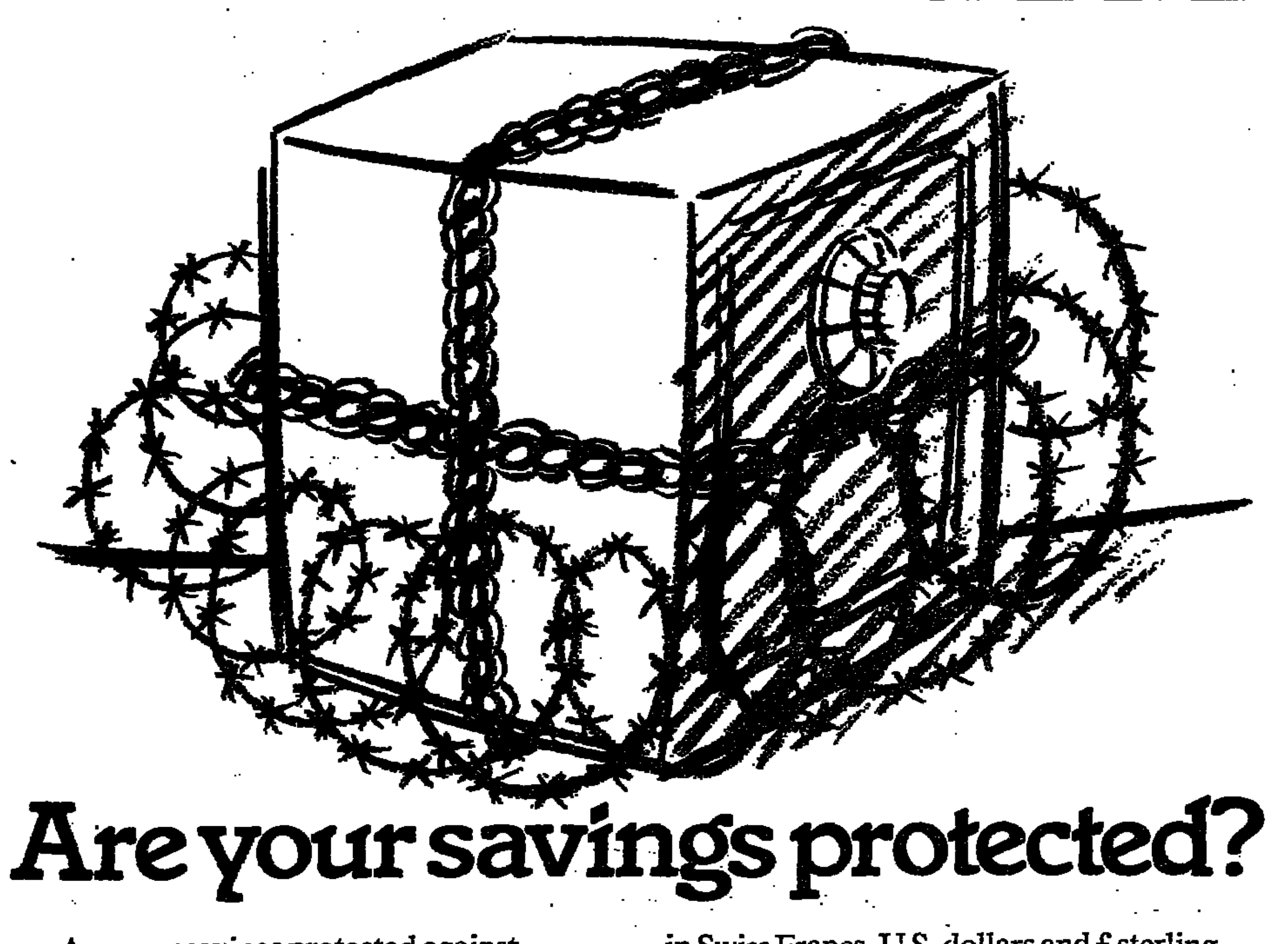
In Jersey an experimental solar hot water heating system is to be installed at an island hospital, and the Resources Recovery Board, which is responsible for sewerage and refuse disposal, is already self-sufficient in electricity.

Developments elsewhere into alternative energy from the sun, wind, tide, waves, etc., are being closely monitored and even the remote possibility of an ultimate switch to a "mini" nuclear power station has been looked at. The costs and practicalities of plugging, by submarine cable, into the French or UK electricity systems have been examined.

The French are, after all, planning to build a large nuclear power station at Flamanville on the nearby Normandy coast. And despite opposition from French and island environmentalists—and fears of a Harrisburg-type incident—it seems certain, given the French commitment to nuclear power, that the project will go ahead.

Robert Baker





Tourists flock from Continent

CHANNEL ISLANDS hoteliers look as if they are going to enjoy the best of both worlds this season—a recovery in their UK market and a record number of continental visitors.

For the British (slightly disillusioned, local hoteliers think, with Mediterranean holidays) the islands seem to be reasserting their traditional appeal as a clean, safe, friendly bit of "abroad," where low duties and freedom from VAT go along with English money, good beer and favourite TV serials.

"I think the reputation we have built up for reliability and service—something no longer associated to the same extent with some of our Mediterranean competitors—is paying off this year," says Mr. Leslie Rebindaine, chief executive of Jersey's Tourism Committee.

Also paying off are the efforts of Jersey and Guernsey to make themselves better known on the Continent, not just in nearby France, but in Belgium, Holland, Germany and even Scandinavia.

The Continentals have discovered the islands as a quaint, pleasantly unspoilt English outpost, very good value in their currencies and no longer difficult to reach.

Scheduled or charter flights are coming into Jersey this summer from all over Northern Europe, while Guernsey is now served by a Dutch airline, NLM. "We could never have foreseen a few years ago that we would be in such a strong position in Holland as to have a Dutch airline flying here direct," says Mr. Michael Walden, Guernsey's director of tourism.

A recent survey showed that about 165,000 of Jersey's 768,000 staying visitors came from outside the UK, and in addition there are upwards of 150,000 French day trippers. Guernsey has no check on its percentage of Continental visitors, as most of them pass through immigration in Britain or Jersey, but the figure is thought to be nearly 20 per cent.

In return for the £1½m they are spending on publicity this year, the Channel Islands should earn well over £120m from tourism—earnings that spread right through the community to small shopkeepers, building workers and dairy farmers.

A party from the English Tourist Board that visited Jersey and Guernsey last month to study this thriving offshore scene was especially interested in the islands' system of hotel registration, inspection and grading, in force now for 30 years. Originally greeted with suspicion the grading system is accepted today by island hoteliers as a good discipline for themselves as well as good for the customer.

Standards

Jersey and Guernsey both lay down detailed standards for each grade of hotel and guest house, covering everything from the size of bedrooms and percentage of private bathrooms to the furniture and fittings. Since 1969 Guernsey has also applied the system to self-catering accommodation, which provides some 20 per cent of the smaller island's tourist beds but hardly exists as yet in Jersey.

Besides serving as a consumer guide, and effectively keeping hotel tariffs in line with the amenities offered, grading, by progressively raising standards, has enabled the island authorities to ensure that the industry ploughs back profits into improvements. Many millions of pounds have been spent on hotel modernisation in recent years, and among big schemes in the offing are a £2m reconstruction of the Pomme d'Or Hotel in St Helier, due to start in the autumn.

Most hotels in the islands started life as large private houses, and a 225-bedroom unit to be opened in Jersey in about two years' time by one of the island's brewery companies will be the first large tourist hotel to be built from scratch.

In spite of hotel extensions, the number of registered tourist beds has remained fairly static at around 25,000 in Jersey and 12,800 in Guernsey, because many smaller guest houses have closed. For environmental reasons the islands do not want to see any marked increase and are looking for future expansion of tourist revenue to a longer season and more winter traffic, particularly conference business.

Guernsey's Tourist Committee would, however, like to see one more top-grade hotel opened to cater for the conference trade, which has developed better than anyone hoped in the 18 months since the island—backed by its new Beau Séjour leisure centre—moved seriously into this market. In Jersey conference facilities have just been extended by the opening of a 2,000-seat hall at the island's £5m Fort Regent leisure centre.

Among the smaller islands, Alderney is the only one likely to see any significant tourist development.

Sark, able to attract 80,000 to 90,000 day visitors and tourists with the simplest of amenities (though some surprisingly good restaurants), has little incentive to develop.

Herm, Guernsey's offshore playground, has probably as much accommodation, with a 90-bed hotel and self-catering cottages, as goes comfortably into an island that depends on its unspoilt "fairyland" appeal.

Alderney, however, is still nearly 200 short of the 1,000 beds considered to be economically desirable, and, according to the chairman of the tourism committee, Mr. Roger Lees, there are a number of people, including outside companies, who see the island as "ripe for development." At least three projects are currently before the island authorities, two of them involving conversion of 19th-century forts and another for a hotel and large marina. But local opinion is very divided about doing anything to change the island's quiet, leisurely character and, as Mr. Lees puts it, Alderney has "some major decisions to take."

A marketing problem for the Channel Islands in recent years has been the rising cost of air travel from the UK (£59 return from London at weekends this summer, and £77 from Manchester). This has already resulted in a swing back from air to sea travel, especially with Sealink now running car ferries to Guernsey and Jersey from both Weymouth and Portsmouth.

The airlines have countered this year with a variety of discount fares for early and late bookers, old-age pensioners and family groups. In addition, regular charter flights are being operated to Jersey for the first time from a number of UK airports — a notable change of policy since in the past Jersey's authorities, like Guernsey's, have opposed charters from Britain for fear of damaging their year-round scheduled services.

Faced with the prospect of continuing to lose holiday traffic from the north of England and Scotland unless travel costs can be cut, the islands are no longer against charter flights from airports north of Manchester. The question now is how far they will be able to keep their "lifeline" air links with the mainland if charter operations grow.

Guernsey, which has only about 20 per cent of package tour traffic against Jersey's 50 per cent, clearly has misgivings on this score and would prefer on the whole to see cheaper tourist fares on scheduled routes.

Meanwhile, with hotels, guest houses and holiday apartments well booked and the islands filling up with tourists, trippers and yachtsmen of a dozen nationalities, there are not likely to be too many grumbles this year.

But Guernsey's tourism director, Mr. Walden, is anxious that the industry should not be too complacent about the situation with uncertainties such as the possibility of an international energy crisis looming ahead. "This year's success could be the lull before the difficulties start. I am not being pessimistic, only realistic, because I believe we will have to be competitive as never before in the 1980s."

Edward Owen

Philatelic bonanza

THE IDEA of having and running their own independent Post Office has long appealed to many of the 2,000 inhabitants of Alderney, the most northerly and one of the smallest of the Channel Islands.

Such an institution, they believe, would not only enhance the island's status as a largely sef-governing community but provide, through philately, welcome and probably substantial extra revenue.

There would also be new jobs and career prospects for about 30 islanders and publicity benefits for the local tourism industry There might even be speedier postal services.

With all this at stake it is little wonder that some islanders believe it might almost be worth declaring a full UDI against Guernsey — Alderney's administrative and financial mentor since 1949.

But this year the dream of an independent Alderney Post Office has come a step nearer reality with the completion of a report, commissioned by the tiny island's 13-member parliament, into the project's feasibility.

Prepared by a team from the UK Post Office, the report appears to confirm that Alderney—which has no international finance or light industries like Guernsey and Jersey—could benefit financially, and in other ways, from running its own mails.

As a result the Alderney parliament has charged its Finance Committee to "open negotiations" with Whitehall, and Guernsey's Post Office Board that has been operating Alderney's services since October, 1969, when both Guernsey and Jersey became postally independent of the UK.

No one on either side denies that the negotiations will be anything but hard and long because the Guernsey Board, which holds the Bailiwick mail monopoly, has so far resisted the idea of a separate Alderney operation.

It fears that philatelists would lose interest in Channel Islands stamps if a third stamp-issuing island emerged.

Further, giving way to Alderney might lead to awkward demands for special treatment from the other isles in Guernsey's Bailiwick, in particular Sark with 580 inhabitants. It is a fact that before 1969 entrepreneurs in Alderney, Herm, Brecqhou, Jethou and Lihou all issued their own "carriage label" stamps for private operations; businesses which were swiftly outlawed when the Guernsey Post Office came into being.

Protecting its reputation for "integrity" ranks high with the Guernsey Board. Its President, Deputy John de Putron, said: "We would still be very wary of giving Alderney postal independence—even after reading the UK Post Office report. However, we certainly want to discuss the whole concept in detail with Alderney so that we can agree a mutually satisfactory solution."

Mr. John Winckworth, Alderney Deputy and chairman of the Finance Committee, estimates that it could be two years before his islanders are "licking their own stamps" and points out that the UK Post Office report found no evidence that Guernsey's and Jersey's philatelic businesses would suffer if Alderney began issuing stamps and that "the converse might apply."

There is little doubt, however, that since gaining postal independence 10 years ago Jersey and Guernsey have profited considerably from their state-run philatelic businesses.

Jersey's Philatelic Bureau, which has 42,000 account customers, makes annual profits of about £900,000 and Guernsey's, with 38,000 account customers, about £400,000. Since 1969 Guernsey's total philatelic profits alone total more than £3.5m of which more than £3m has been funnelled into the island government's general revenues. A high percentage of the income is from non-Sterling areas.

Much of the success of their philatelic operations is attributed to "conservative" stamp-issuing policies—infrequent productions of definitive stamps, and the limiting of commemorative sets to no more than three or four a year, usually of low face values.

In addition, the island Post Offices have concentrated on producing attractive stamps on a host of different themes — including art, history, marine life and agriculture — and on promoting them, alongside those of the larger stamp-issuing nations, at international exhibitions and through selected experienced agents.

This year's Guernsey commemoratives will include a special issue on October 1 to mark the tenth anniversary of postal independence. The set of four will depict: 6p—the Philatelic Bureau and Head Post Office; 8p—mails and telegram operations; 13p—parcels operations; 15p—philatelic operations. There will also be special souvenir mini-sheets.

Jersey, which has decided not to celebrate in stamps any anniversary before its 25th, is restricting itself to special cancellations October 1-9, also marking UPU Day; souvenir postcards; and an Open Day with a philatelic cancellation, October 9.

All kinds of collectors, whether specialists in first day covers, postage dues, handstamps, or booklets, are catered for by the Philatelic Bureaux whose staff produce regular new bulletins and Press releases.

Sets of island stamps issued a few years ago with face values of only a few shillings now cost many pounds to buy from dealers. Complete collections of Jersey and Guernsey stamps, dating from October 1969, and with face values of under £50 each, now cost nearly £900 apiece.

Robert Baker

HE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

After Wednesday's introduction to our series on planning, two practioners chart the 'failure' of many systems since the 1973 oil crisis

Corporate strategy in the wilderness

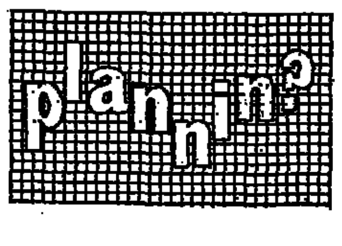
IN the booming sixties, economic growth was a of life and profits were to reap, most companies keen to look at least five ahead. Now, because the mic environment is so tain, the prevailing mood of extreme caution, and erage businessman's horihave grown much shorter etimes only six to 12 ns ahead.

s blinkered attitude has legitimised by the term ervative management"—ke commitments on a long-basis is seen to be ctical; if not irresponsible. the success—even the al—of a company requires anagement to take a long-view, whatever the econo-ircumstances. Very few nies of average size and able financial standing are ious risk over a one to ar period; but over four years this can be a very nt matter, even for bigger nies.

long range planning, ly executed, is all the necessary at a time of mic adversity. Yet some nies have all but stopped rying to do it. In a U.S. made in 1977, almost er cent of companies ted to a cutback of their ng activities within their isation since the beginning recession in the early

Some corporations are to have abolished the on completely.

mainly, many companies disappointed by the ent failure of this tech- which had promised to le a basis for rational and ate management. They d that planning failed to pate the recession, so that ere not prepared for what



But planning is by no means just about forecasting; that is only one adjunct of the process. The Chinese would claim that it is always necessary to think the unthinkable; clearly the planners did not. Is a technique to be condemned for the failure of individuals to use it properly?

Long-range planning first became trendy in the 1960s, when fashionable business schools promoted "quantitative decision-making techniques." Planning was the embodiment of the new "sophisticated" approach to management which was *recognised to be essential*, not only to the managing of increasingly complex businesses, but as the platform from which staid and stuffy companies could break out of their historic strait-jackets and become broader-based and more aggressive.

The order of the day was diversification, since it was claimed that this would not only reduce overall risk by spreading the company's activities over a broader range of products, but it would lead to growth, probably through acquisition; and big was beautiful.

But many companies lived—some only just—to regret their expansion into areas they knew so little about; many of those *which limited expansion to* known areas of expertise survived the recession better when it came.

A direct result was a disillusionment with long range planning as an effective management tool; it had faile dto live up to its promise. One example of the dissatisfaction with planning was the complaint that all too often the end product of the planning process—the five-year plan—very quickly became *out-of-date, overtaken by events*. The value of such a document was therefore questioned.

But this belies a major contribution of long range planning, namely the process involved, not just the plan itself; the value of *bringing managers* together and directing their attention away from current problems to the problems and opportunities which may occur next year and thereafter; to think about the broad trends *in market and technological* developments.

But equally, planning is not about forecasting growth—and then deciding how much money the company needs to spend in order to get it; nor is it about using sophisticated computer simulation models in order to be one step ahead of the economy—only to find the economy never catches up with you.

Essentially it is about insuring the survival of a business, and this involves only a few fundamental concepts:

1. A long term horizon in order to give a broader perspective to decisions which have to be made today.

2. *An attempt always to minimise risk in the market place.* In other words, simply to delay making investments does not in itself reduce the business risk—it may increase it. *The perceived need to maintain* a strong balance sheet will often force companies into short-sighted decisions which may aggravate their long term financial position. It is the market which should determine the appropriate timing of investments, and equally, divestments.

3. *An attempt to maximise* the flexibility of the organisation—including the people in it—and thereby minimise the response time to external changes.

These may be blinding statements of the obvious, but many planning efforts foundered on *too much detail and complexity*, with decision makers unable to see the wood for the trees, and common-sense being thrown out of the window in a bid to keep up with the rapid growth which was seen everywhere. A set of criteria was accepted as the conventional wisdom for growth which, if common-sense had been applied, would not have stood up to the test.

Faced with a new round of "the planning exercise," one chief executive recently commented that "in an increasingly complex environment it is *inevitable that the planning* process will become equally complex." This is not so, and must not be so if planning is to be effective.

It is just this kind of argument which inhibits many planning efforts and causes managers to throw up their hands in despair at the task involved. A major purpose of a plan should be to simplify a corporation and its operating environment into workable component *parts, in order to place these* in perspective.

In long range planning, it is essential to identify the broad *parameters and trends*. The concern should not be to decide whether the growth will be 5 per cent, 10 per cent or perhaps 15 per cent, but primarily whether the trends will be upwards, flat or down (unthinkable).

Just before the economic *recession of 1973-74*, I was involved as a corporate planner in presenting a five year plan which incorporated as its basic premise the assumption that there would be a recession and the major markets for the company's products would decline. It was rejected out of hand by the incumbent chief executive on the grounds that "it was not his job to preside over a decline in the company's fortunes"; his job was to ensure growth. Today, many managing directors are still chosen for "a record of proven profit growth." Is this the most relevant yardstick in today's economic environment?

So was the problem in the early 1970s a failure of management, or techniques, or both? It can be argued that—just as in the case of some early computer systems—the problem was simply one of bringing the two together successfully into a workable system of management practice.

Few would admit, either at the time or in retrospect, that management abdicated common sense and judgment for the new techniques of decision making, and leaned too heavily on them, but it seems now that in many cases they did.

The comfort of being able to put up a project with a high discounted cash *flow return*, where all the appropriate techniques of analysis have been applied, has a powerful influence.

The managing director of Shell Transport and Trading last year described how the timing of a decision to build a new plant in the UK was finally influenced by an offer of additional government grants which swung the yield from a marginally acceptable level to a very comfortable one. (This page, 25th April, 1978.)

In this particular case all the techniques of analysis had been used — Shell has one of the most sophisticated planning systems in the world—but the company admitted last year that it was unhappy with the investment because the economic environment had taken an unexpected turn for the worse after construction started in 1976.

All of which emphasises it is the timing of decisions which is crucial, and that they must be *taken against a long-term perspective*. If Shell had not brought forward the investment because of government incentives, but had waited until it was justified by market considerations, the problem might not have arisen. It is in the market place that the final risk lies, and grants do not change the market.

Apart from the "failure" of long-range planning to pilot companies through the recession and the more underlying problems discussed in the article below (check), one of the reasons for its demise has been the mistaken assumption that it must necessarily involve decisions about new investments; in the present climate few managers feel sufficiently confident *to take these decisions*, particularly when many companies are already operating in markets where there is significant overcapacity.

Planning is often about making the even harder decision of divestment, so that the company can concentrate on areas where it has strengths and ensure that weaknesses are eliminated.

In uncertain economic environments the marginal investments that could be carried in growth markets can no longer be tolerated. But a *divestment decision must have a long term horizon*, just as an investment decision does; the danger in taking short term views is that the essential decisions are often put off till the next year, when in fact decisions should be made immediately. The ability to divert the resources—particularly management time—which have been increasingly absorbed by problem areas can have an extraordinary positive effect on the rest of the business.

Whether management is concerned with disinvestment, investment or both, it wants to feel it has some control over its business, rather than always being controlled by events. That is exactly what long term planning is about. The company which takes only a short term view will always be one *which finds itself reacting to* events and moving from one crisis to another. Planning will not always anticipate these events, but properly carried out it will help to position a company so that the effect of shocks is minimised and the chances of surviving are increased.

Ron Emerson

R. V. Emerson is an Assistant Vice President of Bank of America, dealing with some major industrial accounts. He previously worked as a corporate planner for several industrial companies.

Blame managers, not the system

DID corporate planning o provide the positive nce that management ed—and needed—when runch" came after 1973? ch over the last three by several academics to two basic problem the inadequate way ning" was often carried nd, more important, top management's lack of understanding of the planning process.

The relative stability of the 60s had led to over-expectations on the part of top management—corporate plans were being seen as predictions which could *forecast the majority of critical* future events. This halo encouraged inflexibility in planning and—most significant—the uncertainty of basic assumptions was ignored. By contrast, witness the speed with which many *corporate plans were* re-examined at the beginning of this year in order to check oil price assumptions.

Equally, the success of those years suggested "good things" ahead — rapidly improving standards of living in the developed countries and positive *efforts to raise them significantly* elsewhere. Permeating everything was "growth." A cardinal concept of planning became overlooked, both by planners and top management—"vulnerability," arguably the most critical part of planning thinking, virtually departed *from the planning vocabulary*.

There were other ways in which the characteristics and performance of the planners caused problems. The rapid growth of many planning departments had left them exposed: frequently staffed by highly-qualified but relatively young men with their own systems and jargon, they did not do enough to cultivate close contact with the rest of the organisation. As a result, they were perceived *as a classic* head office staff function of the worst type, resented and often accordingly ignored.

While the technical sophistication of the planning systems increased, there was no similar improvement in the clarity of the overall strategies promulgated by chief executives *(or their boards) as a key* input to the planning process. Vague long-range goals could be accommodated in the 1960s, but with the discontinuities that upset industry and commerce in the 1970s, they became positively dangerous when translated into corporate plans.

Frequently the vagueness arose through the desire to encapsulate the whole organisation's future strategy into a single goal. This failed to recognise the network of goals any organisation will, and indeed must, have. Such goals will incorporate the chief executive's intentions but also will reflect a company's past philosophy and the missions and roles it perceives itself as able or required to play within society.

Another harmful aspect of this vagueness was the confusion of strategy with the detailed planning function and top management's consequent assumption that it could delegate both—rather than just the *latter—to a planning department*. Even when the planning department had not been given responsibility for the formulation of strategy, much of the rest of the organisation often believed it had.

Together with this frequently went a lack of awareness of the real disciplines that form some *of the essentials of successful* planning. The "cult of the hunch" still existed—the belief that intuition or "gut feeling" based on solid experience was paramount. That it is important no-one would deny, but in too many cases it was allowed to reject and over-ride the *warnings that many planning* systems were flashing. Much of the rejection was emotive, a refusal to recognise that change could come so quickly or that long-held beliefs could so rapidly be destroyed.

To an extent the culture in which top executives operated compounded this. Once a year they accounted for and were judged on their actions and, more important, their results. In many large companies the career path to the top comprised a series of jobs, each of only *three to five years' duration*, in which an executive was expected to produce real profit growth from his division or company; satisfactory short-term growth frequently obscured the true health of that division as the successful man moved on.

The relative short-term view *was reinforced by the reward* schemes; in most cases they were, and still are, based on short-term performance measures which reward the present, but pay scant attention to whether that year's efforts have enhanced the real strength of the division or company.

It is very easy to make these comments from today's vantage point and to ignore the progress made since 1974. For a start, most organisations survived and today the majority have stronger and more realistic management *teams*.

Their realism is apparent in two main areas. First, there is greater understanding of the pace of change: the change may be technological or social but it is now accepted that "change" (probably at an accelerating rate) has an impact on all our assumptions about the future — thus an organisation's ability to adapt to new circumstances becomes even more important.

Secondly, the fragility of many planning assumptions is recognised. Plans are prepared so that their varying probabilities can be demonstrated easily and facilities normally exist for changing them more rapidly; the various "what if" models are an example of this.

Linked with these factors is an awareness of what planning can and cannot do. Once an organisation's strategy has been clearly established, corporate planning is the process and the attitude of mind which leads to the identification of future threats and opportunities, in such a way as to assist the decisions which avoid threats and exploit the opportunities. On the other hand, people now accept that corporate planning cannot itself make future decisions, nor is it a highly *developed forecasting system*.

The awareness of planning's strengths and limitations is the key to its successful use in a *range of different formats* by a multitude of different organisations. A future article will spell out in greater detail how planning can be used effectively and the benefits it provides.

Derek Wynne-Jones

Derek Wynne-Jones is Head of the Planning and Strategy Division of PA Management Consultants.

LOMBARD

An example from Comecon

BY DAVID FISHLOCK

THE NON-COMMUNIST world leaders at the Tokyo Economic Summit—led, it would seem, by Britain's Margaret Thatcher—are steeling themselves to make a firm declaration in favour of nuclear energy as the alternative to oil. The Communist bloc, led by the USSR, the world's largest oil and gas producer, has already taken this decision. The USSR and five of its Comecon neighbours are creating a "power pool" that not only will share its electricity network but will schedule, manufacture and install nuclear reactors of Russian design to a multinational industrial programme.

Fragile

Worries about nuclear energy, chiefly about the possible proliferation of nuclear weapons, has kept western governments firmly in control of key aspects of their nuclear industries. This has inhibited international links for manufacture and left the industry fragmented into rather fragile units in relation to the scale of investment and resources required.

Lenin himself taught the Russians the paramount political importance of electricity and its supply. Now the USSR appears to have recognised the weakness of trying to build alone a demanding new international industry for generating electricity. After struggling throughout the 1970s with the formidable development and manufacturing problems of producing 1,000 megawatt versions of the pressurised water reactor it developed for its nuclear navy, it has called in the resources of its Comecon partners.

A plan is emerging, embracing all countries but Romania — which has chosen the Canadian reactor — under which manufacture of new nuclear plant will be shared, so raising the technological capability of all six countries. They will also share the material, labour and financial resources required to build these complex energy-makers.

For example, they are already collaborating on the construction of a large new nuclear power station in the Ukraine, planned to have four 1,000 MW reactors. Czechoslovakia, Poland and Hungary are each putting up one-sixth of the money. Czechoslovakia itself expects to receive the first tranche of power, in 1984, via a new 750-kilovolt "supergrid" interconnecting the Comecon countries. Czechoslovakia already has the biggest Comecon commitment to nuclear power outside the USSR itself, with four Russian-designed reactors operating and seven more under construction or planned for service in the 1980s. Poland plans to start building its first nuclear unit at Zarnowiec on the Baltic next year, with a 440 MW reactor to be supplied by the USSR and Czechoslovakia.

But the Russians remain mindful of the dangers of nuclear proliferation. The nuclear fuel cycle stays firmly under Moscow's control. Uranium will be enriched in Russia and all spent fuel will be returned for reprocessing and storage of the plutonium by-product. The USSR itself is one of the world leaders in developing the plutonium-burning fast breeder type of reactor, and has a 600 MW demonstration, similar in design to those of France and Britain, believed to be close to completion.

Nor, it would seem, are Comecon's ambitions confined to meeting their own fast-expanding requirements for electricity. In the West they perceive not only a fragmented and fragile nuclear industry but one which, in the U.S., West Germany and elsewhere, is in disarray as a result of the political activities of opponents of nuclear (or electrical) power.

They see indecision among leaders at a time when all the world urgently needs to take firm decisions in energy and pursue them with utmost vigour.

In short, they see their big opportunity to break into nuclear exports. The Comecon power pact sees an opportunity to try to market reactors and the full range of nuclear fuel services beyond its own borders.

Hypothetical

In Warsaw the other day I asked senior Polish energy officials whether they thought rapid nuclear developments might be inviting the kind of opposition—often from the political leftwing — currently bedevilling Western leaders. They recalled reflectively their own severe problems last winter, when the bad weather hampered coal deliveries to the towns of central and northern Poland, which rely on it for district heating. When people are cold they soon forget the hypothetical hazards, they replied.

Traditional industries on an oil-slicked slope

BY OUR SHETLANDS CORRESPONDENT

AROUND BRITAIN

THE SHETLANDS

WHILE SHETLAND'S booming economy continues to prosper as a direct result of North Sea oil, its traditional basic industries of fishing, fish processing and knitwear, which are central to the non-oil economy of the islands, continue to decline.

Some fish processors are having to close down. A reduction in fish landings is blamed on over-fishing by foreign boats in Shetland waters in the absence of any regional fishing policy. Meanwhile, women are no longer content to knit when they can earn more for less arduous work in the oil-related industries.

Shetland's fishing industry in general presents a dismal picture. Anger and frustration at Whitehall's failure to achieve any protection for Shetland has prompted the Shetland Islands Council to "go it alone" in discussions with the EEC. There is a growing militancy among Shetland fishermen in their demands for some form of exclusive fishing limit. The very minimum they are prepared to settle for is 50 miles, with some agitating for a 200-mile limit tied to some form of licensing system.

Blockade talk

There has been some talk of a blockade of Sullum Voe by the Shetland fishing fleet to prevent oil tankers from entering and leaving the port with crude oil. The fishermen see the oil terminal as a powerful lever in their campaign for special protection.

The Scottish Office has made clear that it would not support any exclusive fishing area for the Shetland fleet around its own shores. At the same time, the Department of Agriculture and Fisheries has told the fishermen that there was "insufficient scientific evidence" for a further extension of the Shetland fishermen's pout box—the area in which fishing for pout is forbidden in order to protect immature white fish.

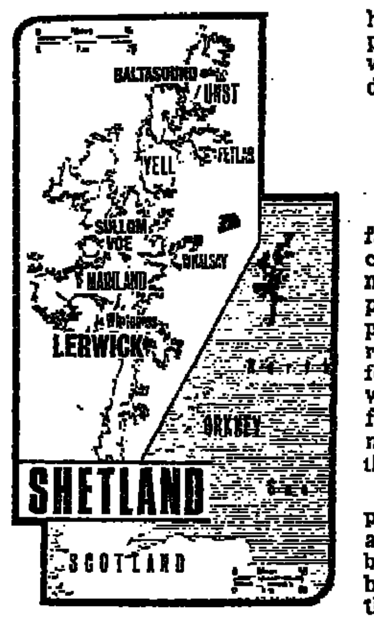
A total ban on North Sea herring fishing has seen Shetland's bigger boats scooping up the mackerel off Cornwall which themselves seem under threat of being fished out of existence like the herring. Mr. Henry Stewart, the councillor who represents Whalsay, the island which is totally dependent on fishing for its economy, sees open rebellion by the fishermen unless urgent measures are introduced to protect Shetland's already depleted fish stocks.

The overall picture has not been improved by Norway's decision to ban industrial fishing in its waters, a move which is likely to direct Norwegian boats and those of other nations fishing Norwegian grounds towards Shetland's own grounds.

Last year saw the closure of two large fish processing plants, and Mr. Arthur Nicolson, chairman of Shetland Fish Merchants' Association, said 1978 had been disastrous for the fishing industry. Landings in Shetland were about 20 per cent down while overall Scottish landings were up. The shortage of fish had meant that workers had been offered as little as two or three days' work a week.

Attempts by the Islands Council to obtain a restriction on the size of boats permitted to fish in Shetland waters were rejected by the Government on the grounds that such a course would be discriminatory and that the EEC would not accept it. The plan would also have prevented the larger Shetland boats from fishing in their own grounds as well as keeping other fleets out.

In what some regard as a belated attempt to prop up the ailing fish processors, the Council's Charitable Trust has decided to allocate up to



£850,000 from its oil reserve fund to assist the processors. The sum of £250,000 will be available as secured loans to processors at variable rates of interest to take account of fluctuations in business. The larger part of the money is earmarked for buying premises and plant but full details have still to be released by the Council.

Shetland's knitwear industry, which is fighting for its existence, fails to conjure up strong emotions, however. For generations, the Shetland "wifies" have knitted Fair Isle jumpers, pullovers, gloves, and scarves with amazing speed and dexterity.

A pittance

But all that has changed as far as younger women are concerned. While their mothers might be content to earn a pittance at knitting, they can pick up good money in oil-related jobs and can even be paid for travelling to their work. So while there is a record demand for Shetland knitwear, the numbers of knitters, along with the industry, are declining.

The body of the jumper or pullover is knitted in about half an hour on a knitting machine, but the Fair Isle yoke is done by hand and this, depending on the experience of the knitter, can take about two hours. A knitter can make up three or four jumpers a week and will be paid between £3-£4 per item. Many Shetland women see this as little short of slave labour.

The knitwear firms which employ the women, although realising their very existence is threatened, see little point in any financial aid even if it was available. They would only be able to pay higher rates for a period of months before the money ran out.

The owner of one knitwear firm said: "We are living in an affluent society so women are not going to sit at home and knit. We are now left with only a hard core of knitters. We have got to try to educate the young ones. The time will come again when Shetland women will need to knit once the highly paid jobs have gone."

Every traditional pursuit and all the service trades in Shetland have not escaped what they regard as the oil job menace. Their workers have been wooed by and wedded to highly paid, oil-related work. Even the local bakers have been affected with 11 bakers having left the trade since 1976 and no new apprentices coming forward.

Inflation

The council, in response to growing demands for some safeguards for traditional industries, held a one-day conference in March to consider what political and financial action should be taken to help the non-oil-related economy. Mr. Jack Burgess, the council's director of research and development, said service industries and commerce had been affected by loss of labour and attempts to combat the situation had themselves added to local inflation. Public bodies continued to suffer loss of labour and government pay policy made competition with other employers very difficult.

Goldhills Pride has edge

RACING

BY DARE WIGAN

BY FAR the most valuable race today is the Gosforth Park Cup run over five furlongs at Newcastle this evening, and the three that I like best in this highly competitive handicap are Goldhills Pride, Raffia Set and Cottam Rocket.

Of these, Raffia Set has performed consistently well since joining D. Elsworth's Salisbury stable, his most recent effort consisting of a creditable fourth in the Wokingham Stakes at Royal Ascot. Cottam Rocket was well beaten by Eagle Boy, who ran Dare Me close in a valuable sponsored handicap at Ascot last Saturday. He looks certain to go close to winning here, but the one I like best is Goldhills Pride.

A fine sprinter, Goldhills Pride finished a close fifth behind Ahonoora at the Epsom Derby meeting. He was at level weights that day, and bearing in mind Ahonoora's bold performance when runner-up to Double Form in the King's Stand Stakes at Ascot he is reasonably treated with 9 st 2 lb.

Earlier, Wren Rocket, who stayed on well when scoring over five furlongs at Sandown on June 15, will have her work cut out to concede 8 lb successfully to Sandia in the Fawdon Fillies Stakes.

Steeple Bell and Show of Hands are the likely winners of the two divisions of the St Oswald Stakes. And unless there is a useful newcomer in the field, Shaarid will probably win the Angerton Stakes.

Henry Cecil's Newmarket stable is in good form and may pick up a couple of races at Doncaster this afternoon with Double Meaning in the Stockil Stakes and Cartridge in the Spurry Handicap. Chop Gate, formerly trained by Cecil, but now with Jeremy Tree at Beckhampton, is suggested for the Londesborough Handicap.

The programme at Lingfield this afternoon is not particularly exhilarating. However, Rushmere, successful over two miles at Sandown the other day, and before that over the same distance here, can complete a hat-trick of wins in the Hamsell Handicap.

LINGFIELD

5.00—Rushmere

DONCASTER

3.45—Chop Gate*

4.15—Double Meaning

5.15—Cartridge**

NEWCASTLE

6.15—Steeple Bell

6.45—Wren Rocket

7.35—Goldhills Pride***

8.05—Show of Hands

8.35—Shaarid

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 10.00 For Schools, Colleges. 10.45 You and Me. 11.30 For Schools, Colleges. 1.05 pm Telefant. 1.38 Heads and Tails. 1.45 News. 1.55 Wimbledon 79: Commentaries, news, results. 4.18 Regional News for England (except London). 4.20 Play School (as BBC2 11.00 am). 4.45 We are the Champions. 5.10 Lassie. 5.35 Fred Basset.

5.40 News.
5.55 News (London and South-East only).
6.15 Wimbledon 79 (contd.).
7.45 Are You Being Served?
8.15 The Marti Caine Show.
9.00 News.
9.25 Petrocelli.
10.15 Tonight in Town (London and South-East only).
10.45 Regional, National News.
†10.50 The Late Film: "One Man's Way" starring Don Murray.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.15 pm Reporting Scotland. 10.15 Beechgrove Garden. 10.45-10.50 Regional, National News.

Wales—1.30-1.45 pm Bys a Bawd. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC1 (Wimbledon). 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 10.15 Public Enquiry. 10.45-10.50 Regional, National News.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Encounter; Midlands (Birmingham) Tell Me ... Reg Prentice; North (Leeds) Direct Line; North East (Newcastle) Roundabouts ... The Last Two Weeks in June: North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) Public Life.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Wimbledon 79.
7.45 Mid-evening News.
7.55 Heads and Tales.
8.10 Gardeners' World.
8.35 Westminster.
9.00 All Creatures Great and Small.
9.50 Kilvert's Diary.
10.05 Around with Alliss.
10.35 Wimbledon highlights.
11.25 Late News.
†11.40 Salute to Chaplin: "Shoulder Arms" and "The Pilgrim."

LONDON

9.30 am Schools Programmes. 11.55 Betty Boop Cartoon. 12.00 Handful of Songs. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Home and Design. 2.00 International Golf. 4.15 Midnight is a Place. 4.45 Paul. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Krypton Factor.
7.30 Winner Takes All.
8.00 Hawaii Five-O.
9.00 Kids.
10.00 News.
10.30 A Question of Sex.
11.15 The London Programme.
12.15 am Electric Theatre Show.
12.45 Close: Personal choice with Richard Briers.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 5.15 Bailey's Bird. 6.00 About Anglia. 8.00 Clips. 10.30 Probe. 11.00 Friday Late Film: "The Underworld Story." 12.40 am Your Music at Night.

ATV

12.30 pm Gardening Today. 1.20 ATV Newsdesk. 5.15 Makin' It. 6.00 ATV Today. 8.00 The Incredible Hulk. 10.30 Mary Hartman, Mary Hartman. 11.00 The Tough Guy Movie: "The Gun of Zangara."

BORDER

1.20 pm Border News. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Happy Days. 8.00 Fantasy Island. 10.30 Border Month. 11.00 Late Film: "The Innocents," starring Deborah Kerr. 12.45 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.0 Report at Six. 6.35 Friends of Man. 10.28 Channel Late News. 10.32 Arms and Armour. 10.55 Late Night Movie. 12.35 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Happy Days. 7.03 The Entertainers. 10.30 Reflections. 10.35 Points North. 11.35 England Their England. 12.00 Jazz Concert (Alex Welsh and his Band). 12.30 am Grampian Late Night Headlines, followed by Road Report.

GRANADA

1.20 pm Cartoon. 5.15 The Rolf Harris Show. 6.00 Granada Reports. 6.30 Oh No It's Selwyn Froggitt. †10.30 Hitchcock: Joel McCrea in "Foreign Correspondent."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Gambit. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.30 Report Extra. 11.05 The Late Film: "The Ghost and Mr. Chicken."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Y Rhaglenni Mawr Uncorn. 6.0-6.15 Y Dydd. 10.35 Camera. 11.05 Outlook. 11.50-12.45 am Rosie and the Outsiders.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Gambit. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear—"Blind Terror," starring Mia Farrow.

SOUTHERN

1.2 pm Southern News. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East area only). 6.30 What's On Next? 10.30 Weekend. 10.35 Opinions Unlimited. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Premiere: "The Brutalisation of Franz Blum."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Laverne and Shirley. 6.00 Northern Life. 6.25 Sportstime. 8.0 Incredible Hulk. 1.30 Friday Live. 12.00 SWAT. 1.00 am Epilogue.

ULSTER

1.2 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Gambit. 6.00 Ulster Television News. 6.30 The Practice. 8.00 The Incredible Hulk. 10.30 Friday Film: "Demetrius and the Gladiators," starring Victor Mature. 12.20 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.32 Westward Late News. 10.36 Newsmonth for June. †10.55 Late Night Movie: "Psyche 59," starring Patricia Neal and Curt Jurgens. 12.35 am Faith for Life. 12.40 West Country Weather.

YORKSHIRE

1.20 pm Calendar News. 5.15 Makin' It. 6.00 Calendar (Emley Moor and Belmont eds). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Calendar—The Grumbleweeds. 11.00 "The Wicker Man," starring Edward Woodward.

RADIO 1

(S) Stereophonic broadcast

5.0 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.0-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Pete Murray's Open House from Great Yarmouth (S) (cont. from Radio 2, 12.30 pm). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners Walk. 12.30 Pete Murray's Open House from Great Yarmouth (S) (cont. on VHF). 2.03 Wimbledon 79. 7.02 The Grumbleweeds (S). 7.30 Sports Desk. 7.33 Fiesta de Dorita (S). 8.02 Ronnie Aldrich conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Victor Silvester Jr at the Radio 2 Ballroom. 11.02 Brian Matthew at the Crucible Theatre, Sheffield, with Round Midnight. 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

†6.55 am Weather. 7.0 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Tippett (S). 10.05 Young Artists' Recital (S). 11.10 BBC Northern Ireland Orchestra (S). 11.55 In Short (talk). 12.05 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert, part 2 (S). 1.55 Cornell University Glee Club (S). 2.40 Dohnanyi concert (S). 3.45 Manchester Camerata (S). 4.35 William McGibbon concert (S). 5.25 Homeward Bound (S). 5.45 News. 5.50 Homeward Bound (S). 6.15 At Home (S). 7.10 Piano Music by Suk (S). 7.30 "The Rake's Progress," opera in three acts by Stravinsky, Act 1 (S). 8.15 A.R.T.H.U.R. and M.A.R.T.H.A.: Love story for computers (S). 8.35 "The Rake's Progress," Act 2 (S). 9.15 Jo Longhorn (short story). 9.35 "The Rake's Progress," Act 3 (S). 10.45 Music Now. 11.45 Vladimir Ashkenazy, piano recital (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits the Isle of Man. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Enchanting World of Hinge and Bracket (S). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Voyage of the Alceste to China. 4.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.5 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Sounding Off with Dr. Hugh Mellor. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-5.00 am As Radio 2.

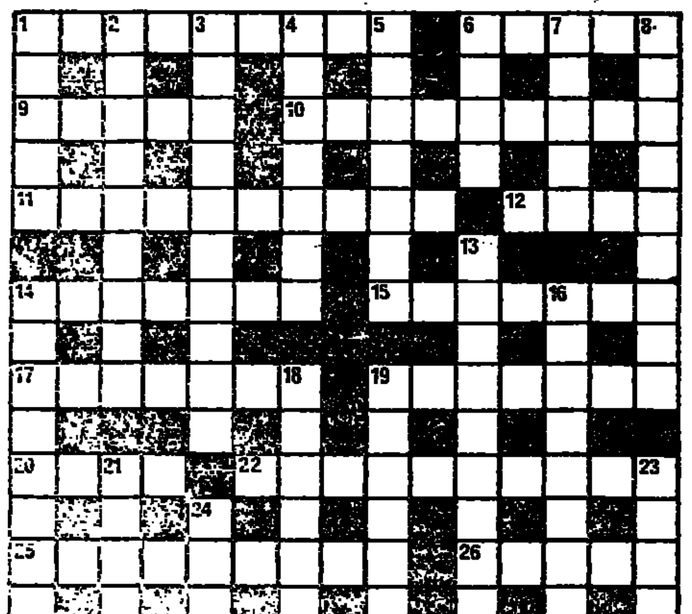
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 4,008



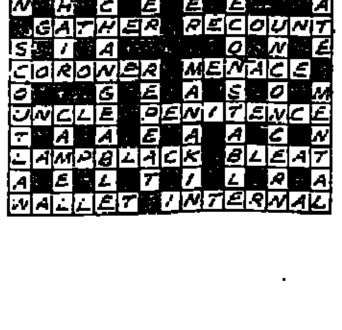
ACROSS

1 Fancy things come down here as one sleeps (9)
6 Watch soldier getting into 6.50 (5)
9 J[illegible] expert (5)
10 Line upon line of domestic upset (6, 3)
11 Spy about to make a search (5, 5)
12 The [illegible] makes you old-fashioned (4)
14 Insistent upon silent type [illegible] worker (7)
15 Lever blackbird towards pub (7)
17 Tally clerk threatening king? (7)
19 Times do change for a dressmaker (7)
20 Balmy like this paper (4)
22 Social snob with beard on watch (4, 6)
25 Open for a poet to share surgery (9)
26 Fish and chip shopkeeper, they say, puts man in order (5)
27 Purchase divine interior from mate (5)
28 Lot of lofty timber (5, 4)

DOWN

1 Birds disliked by some strikers (5)
2 Complicated by the Spanish sailor having to spout (9)
3 Set off to leave discernible trail (4, 6)
4 Insult upset football leaders on promenade (7)
5 Fiendish protest march by Northern Ireland on capital of Connemara (7)
6 Love to upset a little creature (4)
7 Distance around saddle fastener (5)
8 Bare pass of humble origin (3, 6)
13 Party eats for unsympathetic strike (4, 6)
14 Birds in the main take care of doctor in jester's cap (9)
16 Dispute that could make people train (3, 6)
18 Spirited alternative turns up employing . . . (7)
19 . . . a tie men knotted during early performance (7)
21 All the competitors stop the Oval ball (5)
23 Are you literally right with a student of the country (5)
24 Cautious of causing conflict before end of day (4)

Solution to Puzzle No. 4,007



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. Last three perfs. NUREYEV FESTIVAL Evgs. 7.30. Mat. Tomor 2.30. With MURRAY LOUIS DANCE COMPANY of America. Moment. Deja Vu. Schubert. Vivace. The Brighton Venus Reductions for parties of 10 or more this evening. For details ring 01-240 5250. July 3-14 PEKING OPERA

COLISEUM. Credit cards 240 5258. Reservations 836 3161 ENGLISH NATIONAL OPERA Season opens Aug 6. 2 Cycles. The Ring of the Nibelung. Die Fledermaus. La Traviata. Booking is now open.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL OPERA Ton't & Wed 7.30 The Rake's Progress. Tomor & Mon 7.30 Cavalleria rusticana/Pagliacci. Fri 7.30 Idomeneo. 65 Amphi seats avail. for all perfs. from 10 am on the day of perf. VAT surcharge of 6p in the £1 from July 1 COVENT GARDEN CELEBRITY CONCERTS Sunday at 8.00 pm. JOSE CARRERAS

GLYNDEBOURNE. 0273 812411-813424. Sold Out—possible returns only Tomor at 5.20: Die schweigsame Frau. Sun & Thurs at 5.10: Cosi fan tutti. With the London Philharmonic Orchestra.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. VIENNA NIGHTS season CANCELLED. Please return tickets by post to Sadler's Wells Theatre Account D pt. for refund. July 3-21 BALLET RAMBERT.

WESTMINSTER. CC. S. 834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. THE MUSICAL THEATRE COMPANY THE MIKADO Company includes Chris Booth-Jones. Fiona Doble. Ann Hodd. Neil Jenkins. Rosemary Jenner. Thomas Lawlor. Martin McEvoy. Philip Sumerscales. Alison Truitt. LIMITED SEASON

THEATRES

ADELPHI THEATRE. 01-836 7611. Evenings at 7.30 Mats. Thurs. at 3.0. Sats. at 4.0. JOHN INMAN in "GLORIOUS FARCE." D. Tel. CHARLEY'S AUNT "Thoroughly enjoyable." Sun. Tel. "Laughs flow freely." N. of World.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evg. 7.45. Thurs. and Sat. 4.30. 8.30. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL." Financial Times With ROY DOTRICE GILLIAN BURNS, MARGARET BURTON Party rates and student standby avail.

ALDWYCH. CC. 836 6404. Inf. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire Ton't. Tomor 7.30. Low price prevs. John O'Keeffe's WILD OATS "Smash-hit . . . a raucously funny evening." Punch. With: ANTONY AND CLEOPATRA (sold out until 13 July). Bulgakov's THE WHITE GUARD (next perf. 9 July). RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN GWEN WATFORD DAVID BURKE, ANGELA DOWN in BODIES by JAMS SAUNDERS "IT'S IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. BODIES "WHEN WE HAVE LAUGHED AT ITS WIT. BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOURS AND LAYERS OF ITS LANGUAGE BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES "MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." E. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.00. Sat. 5 and 8. Mats. Th. 3.00. IAN LAVENDER CHRISTOPHER TIMOTHY JULIA FOSTER in HAPPY BIRTHDAY A VERY FUNNY NEW COMEDY BY THE AUTHORS OF "BOEING BOEING." "FEYDEAU LIVES. CA VA!" Gdn. "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . do see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15 NOW IN ITS 4TH YEAR

ASTORIA, Charing X Rd. S. CC. 01-734 4291 or 439 8031. Mon.-Thurs. 8 pm. Fri. and Sat. 6 and 8.45 pm. LIVE ON STAGE "GREASE" "ENERGY, VITALITY AND SHEER EXUBERANCE." Daily Express. "GREASE" AS SLICK, SMOOTH AND SLEEK AS SHOULD BE—The Sun. "GREASE" Group booking 01-437 3856. ½ hour before show—best available seats ½ price.

BOULEVARD THEATRE. Walkers Court, Brewer St. W1. CC. 437 2661 JEREMY TAYLOR. Tues. to Sat. 8.30. Sun. 6.30 and 9.15.

CAMBRIDGE. 01-836 6056. Also opens Sun. 11 am-7 pm. CC. 01-836 7040 Mon.-Thur. 8.00. Fri. and Sat. 5.00 and 8.30. THE CRITICS RAVED ABOUT . . . CHICAGO THE HIT BROADWAY MUSICAL Group bookings 01-437 3856.

CHICHESTER FESTIVAL THEATRE. 0243 781312. Season sponsored by Martini & Rossi. THE EAGLE HAS TWO HEADS. Tomor. at 2.00 THE DEVIL'S DISCIPLE. Ton't and Tomor. 7.00.

COLLEGIATE THEATRE. 01-388 7824. 387 9629 Tom Stoppard's latest play DOGG'S HAMLET, CAHOOTS MACBETH by The British American Repertory Company World Premiere Tour. Limited Engagement July 9-Sept. 1.

COMEDY THEATRE. CC. 01-930 2578. Mon.-Sat. 9.00. Mats. Fri. and Sat. 6.30. THE ONLY ROCK 'N' ROLL SHOW THE ROCKY HORROR SHOW SNACK BAR OPEN 1 HR. BEFORE PFS.

CRITERION. From 8.30 am incl. Suns. 01-930 3216. CC Bkgs. 01-836 1071. last perfs. Today and Tomor. 5.30 and 8.30. LEWIS FIANDER ELIZABETH ESTENSEN CLOUDS "IS BLISS." Observer. "MICHAEL FRAYN'S FUNNIEST PLAY." D. Telegraph.

CRITERION. From 8.30 am inc. Suns. 930 3216. CC. bookings 836 1071. Opens Wed. at 8. Subs. Mon.-Thurs. 8. Fri. and Sat. 5.30 and 8.30. IAN McKELLEN TOM BELL "I doubt that there are two finer performances in London." Punch. BENT by Martin Sherman. "A V-sign defiantly flourished at all forms of oppression." New Statesman. Transfers from Royal Court.

DRURY LANE. CC. 01-836 8108. Till Sat. Evgs. 8.00. Sat. 6.00 & 8.40. NORMAN WISDOM

DRURY LANE. CC. 01-836 8108. Evgs. 8 pm. Friday and Sat. 6 pm and 8.45 pm. The Rio Extravaganza BRASIL TROPICAL NOW BOOKING FOR RETURN ON JULY 2. "The dancers vibrate, oscillate, and pulsate, while topless, yet retaining their baubles, bangles and beads." Ev. News. At Wimbledon Theatre till 30 June.

DUCHESS 01-836 8243. Mon. to Thurs. Evgs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. Ninth Sensational Year.

FORTUNE. 836 2238. Evgs. 8.00. Mats. Thurs. 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE FOURTH GREAT YEAR

GARRICK. CC. 01-836 4601. Evgs. 8.0 (sharp). Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATH TRAP "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS, VERY FUNNY, MARVELLOUS ENTERTAINMENT." S. Tel. "VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Evgs. 8.15. Wed. 3.00. Sat. at 6.00, 8.40. ALISON STEADMAN CHRISTOPHER CASENOVE JOKING APART "ALAN AYCKBOURN'S comedy sparkles with wit." N.o.W. Last 2 weeks ends July 7.

GREENWICH THEATRE. CC. 01-858 7755. Evenings at 8.00. Mat. Sat. 2.30. SIX CHARACTERS IN SEARCH OF AN AUTHOR by Pirandello.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. KEITH MICHELL SUSAN HAMPSHIRE in The SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." News.

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Fri., Sat. 5.15 and 8.45. AIN'T MISBEHAVIN' The New Fats Waller Musical Show. "A RIOTOUS HIT." Daily Mail. "JUBILANT. THE BEST PERFORMANCE OF ANY MUSICAL IN LONDON." Obs.

KING'S HEAD. 226 1916. Dnr. 7. Show 8. FEARLESS FRANK by Andrew Davies. "Best British musical for ages." F. Times.

LYRIC THEATRE. CC. 01-437 3686. Evs. 8.00. Thurs. 3.00. Sat. 5.00. 8.30. JOAN PLOWRIGHT FRANK FINLAY PATRICIA HAYES in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. Society of West End Theatres Award. COMEDY OF THE YEAR. ACTRESS OF THE YEAR. "TOTAL TRIUMPH." Evening News. "AN EVENT TO TREASURE." D. Mirror. LIMITED SEASON ENDS JULY 21.

MAYFAIR. 01-629 3036. Evenings 8.00. Sat. 6.00 and 8.45. A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE A MUSICAL REVUE "Superlative non-stop comedy." E. News. "A laugh riot . . . sheer fun . . . not to be missed." S. Express. "The funniest script the Marx Brothers never wrote." D. Mail.

NATIONAL THEATRE. 'S' CC. 928 2252. OLIVIER (open stage): Ton't & Tomor 7.30 THE FRUITS OF ENLIGHTENMENT by Tolstoy, trans. by Michael Frayn. LYTTELTON (proscenium stage): Ton't 7.45. Tomor 3.00 & 7.45 THE PHILANDERER by Shaw. COTTESLOE (small auditorium): Mon. to Sat. at 8.00 Michael Herr's DISPATCHES adapted for the stage by Bill Bryden and the company (perhaps not suitable for children). Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. restaurant 928 2033. Credit card bookings 928 3052. Air conditioning.

OLD VIC. 01-926 7616. OLD VIC COMPANY Season opens July 24th HAMLET. ROMEO & JULIET. THE GOVERNMENT INSPECTOR. THE PADLOCK. MISS IN HER TEENS. WHAT THE BUTLER SAW. THE 88. General booking now open.

OPEN AIR REGENT'S PK. CC 486 2431. A MIDSUMMER NIGHT'S DREAM. "A joyous production." Even. Standard. "A high spirited success." Sun. Tel. Ton't 7.45. Tomor. 2.30 and 7.45. Peter Whitbread in EXIT BURBAGE, today 1.15. TWELFTH NIGHT opens Tues. 7.45.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri. & Sat. 6.00. 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in Rodgers and Hammerstein's THE KING AND I also starring Virginia McKenna HOTLINE 01-437 2055 Evenings 7.30. Mats. Wed., Sat. 2.45.

PHOENIX THEATRES. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 and 8.30. MAGGIE SMITH, PATRICK MOWER in NIGHT AND DAY A new play by TOM STOPPARD Directed by Peter Wood BEST PLAY OF THE YEAR Evening Standard Drama Award

PICCADILLY. From 8.30 am incl. Suns. 437 4506. CC bkgs. 836 1071. Evs. 8. Thur. 3. 8. Sats. 5.30. 8.30. PETER BARKWORTH HANNAH GORDON in Brian Clark's new play CAN YOU HEAR ME AT THE BACK "WONDERFUL PLAY WITH WONDERFUL PERFORMANCES." NoW. "Articulate and witty." D. Exp. "A SUPERBLY ABSORBING PIECE OF ENTERTAINMENT." The Sun.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs., Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Regret advanced booking facilities suspended July 2, 3 and 4.

PRINCE OF WALES. CC. 01-930 8681. Card bookings 930 0846. Mon., Thurs. 8.00. Friday and Sat. 6.00 and 8.45. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE "If you don't laugh, sue me." D. Exp. A National Theatre Production.

QUEEN'S THEATRE. CC 01-734 1166. MICHAEL CRAWFORD "IS MAGICAL, A TRIUMPH." Sun. CHERYL KENNEDY in FLOWERS FOR ALGERNON "A TOTAL ARTISTIC TRIUMPH." D.M. Evs. 8.00, Wed. 3.00. Sat. 5.00 and 8.00.

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Open Suns. PAUL RAYMOND PRESENTS THE FESTIVAL OF EROTICA Fully air-conditioned 21st YEAR

RIVERSIDE STUDIO. 01-748 3354. Last Perfs. Ton't. Sun. 7.30. Tomor. 2.30. 7.30. Shakespeare's MEASURE FOR MEASURE. Directed by Peter Gill.

ROYAL COURT. 730 1745. Last Perfs. Ton't 8. Tomor. 5.00, 8.30. Late-comers cannot be admitted. BILLIE WHITELAW in SAMUEL BECKETT'S own production of HAPPY DAYS From Wednesday next REGGAE BRITANNIA by Leigh Jackson.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Rehearsed Readings Ton't & Tomor 7.30 THROUGH THE KALEIDOSCOPE by John Stevenson.

ROYALTY. CC. 01-405 8004. Monday-Thursday evening 8.00. Friday 5.30 and 8.45. Saturdays 3.00 and 8.00. BUBBLING BROWN SUGAR The Award-winning all singing, all dancing hit musical.

ST. GEORGE'S SHAKESPEARE THEATRE Tufnell Park Rd. N.7. 607 1128. Ton't & Tomor 7.30 JULIUS CAESAR with BERNARD HEPTON Mon. 7.30, Tue. 4.00 & 7.30. Wed. 7.30 RICHARD II "Full of English resonance and energy." D. Tel. Also in Rep. AS YOU LIKE IT.

ST. MARTIN'S. Credit cards 836 1443. Evenings 8. Mat. Thur. 2.45. Sat. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 27th YEAR.

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. TOM CONTI in WHOSE LIFE IS IT ANYWAY? by BRIAN CLARK "A MOMENTOUS PLAY, I URGE YOU TO SEE IT. IT STIRS THE HEART AND ACTIVATES THE MIND LIKE NOTHING ELSE IN LONDON." Guardian. WHOSE LIFE IS IT ANYWAY? "IS A BLAZING LIGHT IN THIS SEASON." N.Y. Times. WHOSE LIFE IS IT ANYWAY? "I HAVE RARELY FELT SO GRIPPED. MY ATTENTION HAS NEVER WANDERED LESS AND I HAVE NEVER FELT SO CONSCIOUS THAT EVERYONE IN THE HOUSE WAS REACTING AS I WAS." Obs. Evs. 8.00. Sats. 5.45 and 8.45. Red. price Matinees Wed. at 3.00. 2nd GREAT YEAR.

SHAFTESBURY. 836 6596. CC 836 4255. Evgs. 7.45. Fri. & Sat. 5 & 8. BAWDY COMEDY MUSICAL CANTERBURY TALES "LOTS OF SEX PLEASE, WE'RE BRITISH SUMS UP THE SHOW'S APPEAL." D. Mir. SPECIAL SUMMER SEASON.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONGEST-RUNNING COMEDY IN THE WORLD.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS From 8.00. Dining and Dancing. 9.30 SUPERB REVUE BUBBLY At 11 THE DELTA RHYTHM BOYS

VAUDEVILLE. CC. 836 9988. Evs. 8. Mat. Wed. 2.45. Sat. 5 and 8.30. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT. "Sheer Magic." Fin. Times. "This is Eliot's Greatest Play." Dly. Tel. Theatre is fully air conditioned.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45 STRATFORD JOHNS SHEILA HANCOCK in ANNIE "BLOCKBUSTING SMASH HIT MUSICAL." Daily Mail. Best Musical of the Year 1978. E. Stan.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Ton't. Tomor 7.30 David Rudkin's HIPPOLYTUS. "A gift from the gods." D. Tel. All seats £2.10. Students £1.10 in adv. Adv. bkgs. Aldwych.

WESTMINSTER. CC. S. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00 GILBERT AND SULLIVAN'S THE MIKADO "A good show. Very colourful, lively and exceptionally well sung, spoken and acted." Evening Standard. "The words, jokes and spirit of satire have never been so clearly amplified since Gladstone's day." Evening News.

WHITEHALL. CC. 01-930 6692-7765. Monday to Thursday 8.00. Fri. and Sat. 6.10 and 8.50 IPI TOMBI "It is a foot-stamping, pulsating action-packed African musical." NoW. FOURTH GREAT YEAR

WIMBLEDON THEATRE. CC. 01-946 5211-2. The Broadway, SW19. Evgs. 8 pm and Fri. and Sat. 6 pm and 8.40 pm. Ends Sat. June 30 The Rio Extravaganza BRASIL TROPICAL "The dancers vibrate, oscillate and pulsate while topless, yet retaining their baubles, bangles and beads." E. News. RETURNS TO DRURY LANE THEATRE JULY 2. BOOKING NOW.

WINDMILL. CC. 01-437 6312. Nightly at 8.00 and 10.00. Sunday 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Now showing new second edition. New girls, new acts, new production.

WYNDHAM'S. From 8.30 am incl. Suns. 01-836 3028. Credit card bkngs. 836 1071. Mon.-Thurs. 8.00. Fri. and Sat. 5.15. 8.30. "ENORMOUSLY RICH" Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "VERY FUNNY." Evening News. "Sure-fire comedy of sex and religion." Daily Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. From 4 July Evs. 7.30 Rock Musical FAUST.

CINEMAS

ABC 1 & 2 SHAFTESBURY AV 836 8861 Sep. perfs. ALL SEATS BKBLE. 1: THE DEER HUNTER (X) Wk and Sun. 2.15. 7.30. 70mm Dolby stereo. Late show Sat. 11.00. 2: PLAYERS (A). Wk. and Sun. 2.00. 5.00. 8.10. Late show Sat. 11.10.

CAMDEN PLAZA. Camden Town. 01-485 2443 (opp. Tube). PETER HANDKE'S THE LEFT HANDED WOMAN (A). Progs. daily 2.00. 4.10. 6.25. 8.45.

CLASSIC 1, 2, 3 Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: THE BUDDY HOLLY STORY (A) in full stereophonic sound. Progs. 12.30. 3.05. 5.40. 8.15. 2: THE WORLD IS FULL OF MARRIED MEN (X). Progs. 1.15. 3.30. 5.50. 8.10. 3: Gregory Peck, Laurence Olivier THE BOYS FROM BRAZIL (X). Progs. 2.20. 4.55. 7.40.

CLASSIC 1, 2, 3, 4. Oxford Street, 636 0310 (opp. Tottenham Court Rd Tube). 1: THE BUDDY HOLLY STORY (A) in full stereophonic sound. Progs. 1.45. 3.55. 6.10. 8.20. 2: THE WARRIORS (X). Progs. 3.25. 5.50. 8.15. 3: THAT SUMMER (AA). 2.15. 4.20. 6.35. 8.50. 4: KENTUCKY FRIED MOVIE (X). Progs. 1.35. 3.45. 5.55. 8.10.

CLASSIC. Leicester Square. 01-930 6915. DEATH COLLECTOR (X). 2.55. 6.05. 9.15. MEAN DOG BLUES (X). 1.10. 4.20. 7.30.

CLASSIC POLY. Oxford Circus (Upper Regent St.) 637 9863. Jane Fonda, Vanessa Redgrave JULIA (A). 4.40. 8.50. Shirley MacLaine, Anne Bancroft TURNING POINT (A). 2.30. 6.40.

CURZON. Curzon Street, W1. 499 3737. Fully Air Conditioned LEE REMICK in THE EUROPEANS (U) Progs. 2.0 (not Sun.) 4.10. 6.20. 8.40. "As near perfection as one could wish for ... a treat of a film." Alexander Walker, Evening Standard.

LEICESTER SQUARE THEATRE. 930 5252. THE MUPPET MOVIE (U). Sep progs. Dly 2.00. 5.15. 8.30. Late Night Show Fri & Sat. 11.45 pm. Seats bkble in advance for 8.30 prog Mon-Fri & all progs Sat & Sun. No late Show or special morning show advance booking.

ODEON, LEICESTER SQUARE. 930 6111. MOONRAKER (A). Sep. perfs. Wks. doors open 9.45. 1.00. 4.20. 7.45. Sun. doors open 1.00. 4.20. 7.45. Late Night Show Tue.-Sat. Doors open 11.15 pm. All seats bkble in advance at Box Office or by post. Except morning perf & Late Night Show.

ODEON MARBLE ARCH. W2. 723 2011-2. THE SHAPE OF THINGS TO COME (A). Sep. perfs. Wks. Doors open 2.00. 4.45. 7.45. Sun. doors open 3.00. 7.15. Late Night Show Fri & Sat. doors open 11.00 pm.

PRINCE CHARLES. Leic. Sq. 437 8181. Dustin Hoffman Vanessa Redgrave AGATHA (A). Sep. Perfs. Dly. (inc. Sun.) 2.30. 5.55. 8.35. Late Show Fri and Sat. 11.15. Seats Bookable. Licensed Bar.

SCENE 3. Leic. Sq. (Wardour St.). 439 4470. A Mel Brooks Double Treat YOUNG FRANKENSTEIN (AA). 1.40. 5.20. 8.55. SILENT MOVIE (A). 3.35. 7.15. Late Show Fri. and Sat. 10.55.

STUDIO 1 & 3. Oxford Circus. 437 3300. Licensed Bar. 1: THE DEER HUNTER (X). 12.45. 4.05. 7.30. Late Show Sat. 10.50. 3: Agatha Christie's DEATH ON THE NILE (A). Progs. 2.30. 5.25. 8.10. Late Show Sat. 10.40.

THE ARTS

ıema

Spaced out by Bond by NIGEL ANDREWS

naraker (A) Odeon Leicester Square
Europeans (A) Curzon
. Summer! (AA) Classic Oxford Street, Odeons Kensington, Westbourne Grove and Chelsea
l Color ICA

ɔonraker, James Bond's t movie appearance, is the tional *zuppa inglese* of ɔsions, exotic locations and ·le *entendres*. This ageless, ıless British agent has the struetability of a cartoon acter. He has lived through 11 films and survived or side-stepped almost as many near-lethal booby-traps as Wile E. Coyote.

Roger Moore

As far as I remember from my long-ago reading of Ian Fleming's *Moonraker*, the present movie bears hardly the skeleton of a resemblance to it. This is another tradition of the Bond movies: exultant infidelity to the novels on which they are based. *Moonraker* the film retains the name of Fleming's rocket-tycoon villain—Hugo Drax (wasn't he *Sir Hugo* in the book?)—and the general space-orientation of the plot. But otherwise it's the customary designed-from-scratch assault course on the filmgoer's credulity—shuttling Commander Bond from one eye-catching locale to another, including Venice, Rio and Outer Space, and hauling him through as many close encounters, of both the combative and the amorous kind, as is possible in a two-hour film.

But *Moonraker* has a more subtly presented villain than usual, black-bearded and courteous Michel Lonsdale, and the camp self-awareness of the Bond series has reached a stage of almost relaxed sophistication. We are happy to join in the Conspiracy of Awful Jokes—"Moneypenny, where's 007?" "He's on the last leg of his journey, sir"; cut to Bond's hand caressing an air stewardess's thigh—and set designer Ken Adam, who obviously has the riches of Babylon to play with, creates effortless visual wonders wherever he sets down his drawing-board. The space station to which Bond and his CIA-agent girl-friend (Lois Chiles) finally come in their pursuit of Drax is a glorious parody of Charles de Gaulle airport: with tube-shaped corridors criss-crossing in demented complexity. Adam also devises a pleasant little jungle retreat for Drax in deepest Brazil, where the python romps amid indoor mangrove swamps, and where Drax hatches his nasty plot for world-domination involving lethal detonations of poisonous-orchid gas.

Up in the adjoining continent, meanwhile, Drax has a French château nestling coolly and greenly in the Mojave desert. Those perplexed by this second instance of the film's Francophilia *may wish to note that* all the studio work on *Moonraker* was done in or around Paris. The Gallic influence has told, I suspect, in several ways, both tangible and intangible: *not least in the ease and* insouciance that lift *Moonraker* one notch of refinement higher than its predecessors.

The usual certifiably madcap chases abound—a cable-car showdown in Rio, a boat chase on the Amazon, sundry encounters with the steel-toothed hit-man "Jaws" (resurrected from *The Spy Who Loved Me and played again* by Richard Kiel)—and the usual bevy of females drape themselves over Roger Moore's wryly flattered frame. But the miracle of it all —wrought partly, no doubt, by sheer box-office confidence—is that there is no hint of the catch-penny desperation so often found in Bond's imitators. The makers of *Moonraker*—producer Cubby Broccoli, director Lewis Gilbert, writer Christopher Wood—look as if they could make a Bond film standing on their heads with their eyes shut. Perhaps, with the next one, they will. What other gimmick could follow Bond's single-handed conquest of Outer Space?

*

The star of *The Europeans* is the New England Fall. Rainbow colours pour down across the screen in this adaptation of Henry James's early novella, which tells of the prickly reunion between a strait-laced American family and the Europeanised cousins, a brother and sister, who came to visit them—perhaps to settle down—*bringing clouds of Old World* decadence and sophistication into the prim, polished hallways of Massachusetts.

James Ivory is a director with *an odd, oscillating style*. Sometimes he goes in for camp and surreal extravagance, as in *Savages* and *The Wild Party*: sometimes, as in *Roseland* or *Autobiography of a Princess*, for *a sort of poignant, refined* sentimentality. The second is to the fore in *The Europeans*: plus a new and luminously expert sense of irony. This is not quite the story that James wrote. *James kept hitting us over the* head, in the nicest possible way, with the irreconcilability of European and American *mores*. Ivory brings the opposing parties a little nearer to each other. There is a recognisably New England fastidiousness in Lee Remick's beautifully poised, Gioconda-smiling Eugenia — the older of the cousins from Europe —and an unspoken sense of oh-what-we-are-missing in the poker-backed propriety of the Americans.

But the star, as intimated above, is the stunning autumn colouring. Nor is it purely decorative. Ivory sites the story in a time of poignant flux, in which the characters are reaching for emotional lifelines *before the onset of old or middle* age. The courtship rituals between the two branches of the family mix sexual magnetism with a faint, fraught hint of fortune-hunting — or rather stability-hunting—and in the dialogue the Jamesian circumlocutions, lovingly adapted by screenwriter Ruth Prawer Jhabvala, are like elaborate *pincer movements before the* amatory and contractual battle of marriage is joined. The film's pinpoint timing and exactitude of mood, above all its air of wise-and-funny melancholy, lift this James adaptation far above the TV Classic Serial format to which its cornucopia of Pretty Pictures might tempt the unwary to a facile comparison.

*

That Summer! is a poky and antiquated-looking slice of British life: *about four teenagers* —two girls from the North, two cockney boys from London— who meet and romance while summer-jobbing in Torquay. Give or take some racy language, *the film could have been made* any time during the last twenty years. It's British Kitchen Sink *al fresco*-style. A turgid realism informs the story, as we follow the characters' paired-off *romances* and their desultory comings and goings in pubs and on beaches. One boy (Ray Winstone) is an ex-Borstal inmate who dreams of winning the Big Swimming Contest. Another (Tony London) has fled his father's London butcher's shop to spend the summer on the beach hiring out boats. The two girls (Emile Moore and Julie Shipley) relieve the daily grind of their jobs as hotel chambermaids by dating the boys.

The *only* point of resilient interest in the film is David Watkins's cinematography. Watkins, who shot Dick Lester's Musketeer films, specialises in high-contrast colour photography in which light pours through windows and every white surface gives off a dazzling sheen. It's lovely to look at: but it first upstages and finally capsizes this film's worthy, ploddy attempts at naturalism. *"Ey!"* says one of the girls, looking out the window in their poky bedroom at the hotel, "we've got a grand view of a brick wall." What they actually have a grand view of is a Watkins-esque holocaust of light through which no single object is even vestigially visible. Watkins's visual style is a pleasure to the eye and one of the lesser-sung glories of the British cinema. But it needs — and deserves—a far more baroque and flamboyant setting than this to work in.

*

Mark Rappaport, the New York independent film-maker who specialises in angular, style-struck melodrama vaguely *inspired by 1950s Hollywood* Women's Pictures, has his *Local Color* showing at the ICA from this week. The film was made in 1977 and has since been outstripped by a far better Rappaport movie—*The Scenic Route*. But for addicts the mixture, though diluted, is recognisably Rappaport; the novelettish voice-off narration, the staring-out-to-*camera heroine, the sudden* bursts of black comedy, the wittily deadpan tributes to the Glory that was Hollywood.

Teresa Stratas and Jon Vickers in I Pagliacci Leonard Burt

Covent Garden

Cav & Pag by MAX LOPPERT

Cavalleria rusticana on Wednesday was a sorry mess, a disgrace to the house. *I Pagliacci*, on the other hand, though spotted by the same tokens of under-rehearsal both musical and dramatic that had so stained the companion piece, was taken to the edge of greatness by the presence of Jon Vickers, Teresa Stratas, and Peter Glossop. Critics are often reproached for unjustly boosting the merits of the Leoncavallo above those of the Mascagni. On this occasion, their case was argued for them, with distressing finality, by the *Royal Opera itself*.

Is *Cav* really worth doing any more? When it is well done, we may still feel that it is: when slapped on with provincial disregard for musical and dramatic coherence, what a bore! Under Bruno Bartoletti, a distinguished conductor of Penderecki, Shostakovich, and Prokofiev making his Covent Garden debut, orchestral *and choral ensemble was in rags*, which complemented to a nicety the tatters of the Zeffirelli production as threaded together by Richard Gregson. Fiorenza Cossotto gave an unintelligent account of Santuzza's role, which she played in bursts of wild, meaningless activity, and sang very coarsely—the once adamantine mezzo reveals now signs of *wear, and, in the conductor's* defence, it must be said that its emission was often as hard to follow as a coursed hare. A single, flickering point of interest was the return to the house of Ermanno Mauro, showing as Turiddu that the voice has put on weight without sacrificing too much of its former cleanliness. In present company, his *inert stage presence was translated into a virtue.*

When Peter Glossop stepped before the curtain, the relief in the house was almost palpable: here, at last, was a performer with a native sense of operatic cause and effect. Mr. Glossop's Tonio has become a powerful portrayal, rather too *Alberich-like to suit all tastes*, perhaps, but bold, detailed, and vigorous. Miss Stratas was a tough, sad waif of a Nedda, elfin in impulse, plucky as a streetfighter — a luminous, magical performance. (A voice of such frail substance ought not to undertake the role, but how glad we are that it does!)

The Canio of Jon Vickers, seen here for the first time since 1961, remains one of the towering operatic assumptions of our day. A sentence in David Cairns' essay (in *Responses*) still catches its essence: "When Vickers plays an introverted character goaded to violence . . . the whole house sits as though on the edge of a volcano." By the accepted canons of good style in Italianate singing, all three could on Wednesday be found wanting (though the tenor especially was in bright, free voice): faced with such exemplars of dramatic truthfulness, it was hard to care. A word, too, for the imaginative Beppe of Francis Egerton, and *Jonathan Summers' first* Covent Garden Silvio—not yet fully alive to all its opportunities, but soundly sung.

ɜatre Royal, Stratford East

The Caucasian Chalk Circle

by B. A. YOUNG

e Caucasian Chalk Circle . folk-tale, two folk-tales lly, and Jonathan Chadwick lirected them in an appro- e style. There are brilliant mes for the aristocrats, ɛd rags for the poor, sinis- ıniforms for the Ironshirts. .nst colourful backcloths of .berate naivety, pretty items ny scenery establish the tion—two arched doorways Easter Day, little rooms or es, only just big enough to into and out of, for the try scenes. A shame that ıng could be done for the ze, mentioned but not n. Jenny Tiramani is the gner.

ıe. acting is of the same ity, loud and clear as if .ıed to an unsophisticated audience. No one aims at subtlety, and quite rightly—subtlety in these primary-coloured parts would be as appropriate as subtlety in a Punch and Judy show. Deborah Findlay comes across movingly as Grusha all the same, glowing with her simple, obstinate affection for the disputed child and her soldier lover (John Ashton). She has some new songs to sing, by Elaine Streeter, who accompanies them on piano and drums —pastiche work recalling Eisler and Weill, none the worse for that.

Tom Wilkinson plays Azdak the judge, with Stuart Organ at his heels, having turned from the neatly-dressed narrator into Shauva the policeman by removing his jacket and his tie. Everyone plays more than one part; indeed 13 players manage 58 characters between them.

At Tuesday's preview, which I went to in order to avoid the clash with Greenwich, things seemed to be going rather slowly, and the performance lasted the best part of three hours. I confess that there were times, when the Brechtian traverse-curtain was pulled across to allow for yet another dose of Brechtian folk-wisdom, that had me peeping at my watch. The prologue in which improbable Russian *peasants* argue about the use of a tract of land always strikes me as totally unconvincing, and not as relevant to the subsequent anecdotes as addicts insist. Mr. Chadwick retains it, and has it played in a different, more realistic style.

Anthony Davidson, Tom Wilkinson and Stephen Tiller Leonard Burt

Hammersmith Palais

Rockpile

One of the surprises in concert going is the size of the audience. Names famous from Las Vegas to Batley can fail to fill the corner aisles while relatively unknowns create queues around the block. In rock music it is recognition at street level that matters.

So it was at the Hammersmith Palais on Tuesday which was packed *to the limit* and beyond for Rockpile, a cult group if ever there was one. It is fronted by Dave Edmunds, 35, and always a rather peripheral figure in the business, and Nick Lowe, best known as the producer of the first punk records but now a reformed writer of some good songs. They produce separate albums but get together to *kick* over the traces with Rockpile.

The sound dates from around 1960, just when white country and black rhythm and blues had created the distinctive rock 'n' roll, and it is impossible to know whether Rockpile has discovered a batch of overlooked originals or is composing new old songs in some musical time warp (probably *the latter*). *It is confident*, happy music with a good deal of bottom, but lacking the strong melodies which separate the hits from the misses. The Nick Lowe contributions, with their individualist streaks, are the more interesting but Rockpile seem more like a curio than a new sensation. Support group The Specials nicely combined black and white, reggae and punk, and seemed rougher but more worthwhile.

ANTONY THORNCROFT

Rarely-seen Stubbs painting on view

An American collector has lent the Tate Gallery a painting by Stubbs, which is now on view in Gallery 4. It has not been seen in this country within living memory, and since 1971 was known here only from a reproduction in Basil Taylor's "Stubbs," where it was called *Hunter with a groom*.

It can in fact be indentified as *Lord Grosvenor's Arabian* and dated to about 1765-70, for Peter Mazell's engraving of the subject, entitled *Lord Grosvenor's Arabian, from a picture by Mr. Stubbs*, was published in 1771.

urcell Room

Kennst du das Land? by DOMINIC GILL

The Songmakers' Almanac urned to the South Bank on :dnesday with the las of their ·en Programmes on a Theme, series devised, and accom- ıied by, Graham Johnson. It s a sold-out (the Songmakers ve built up an impressive lowing in only a few years) d *jubilant occasion*: an lian retrospective, charac- ɔistically eclectic, neatly lanced, finely poised—a feast song from, and about, Italy, m Verdi to Tosti, Wolf to hn, seasoned with a counter- int of short readings, and all livered with irresistible good humour, poise and style.

Even when there are guest artists, there are no stars in a Songmakers' *programme*: each member lends the evening its quality, and each one his or her own share of high points. There was Sarah Walker, the voice dulled a little by a heavy cold, but strong and secure, still capable of brightness as well as softer inflection. She framed the evening, with Schumann's and Wolf's setting of Goethe's *Mignon, the last* a real tour de force, clear and ringing, finely rounded; and gave us meanwhile, among other things, an electrifying account of Kurt Weill's *Cäsars Tod*, no mere Lenya impersonation, but a stunning re-creation of the Lenya persona and spirit.

There was Janet Price, in sparkling voice—as much at ease in a fragment, magically spun out, *of Donizetti nonsense* as in a Rossini Tarantella, or in Schubert's cod-Italian *Epistel* to Joseph Spaun. There was the baritone of Richard Jackson, warm and true, stirring in Tosti's splendid "L'alba separa," gently (and unkitschily) wistful in Wolf's lovely "Auch kleine Dinge," dreamily provocative in Fauré's setting of Marc Monnier's Venetian *Barcarolle*. There was Anthony Rolfe Johnson, whose delivery of Reynaldo Hahn's "La Barcheta," turned to a perfect stillness, justly earned the evening's most admiring applause—but whose Leoncavallo "Serenade Napolitaine" and Respighi "Notte" were actually every bit as good. And there was more in plenty, of fun, poignancy and sadness: but no space to tell. Catch the Songmakers' next appearance—if you can find a seat.

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Friday June 29 1979

Confronting a split cartel

THE OPEC meeting in Geneva has produced not one but two important results. It has of course produced a further substantial rise in the price of oil, which will probably average about 15 per cent. It has also, however, revealed the depth of the policy split which has reappeared among the members of OPEC. In this situation firm action by the consuming countries to reduce oil demand has a substantially better chance than it would otherwise of checking a potentially disastrous slide into renewed inflationary recession.

The impact of the present agreement, which will be reviewed after only three months, should be an adequate warning of the results of inaction. The widespread physical shortages of recent months, despite substantial price increases, meant that a further rise in negotiated prices was inevitable. The actual rise agreed, between $18 and $23.50, is likely to reduce world growth, already well below its trend, by a further half per cent or more, and the growth of world trade by nearer a full point.

Cost pressures

The impact in the UK will not be so much through the oil account—where a small near-term worsening of the current balance will be offset by an enlarged long-term gain—as through the weakening of world markets. The official forecast of a 5½ per cent volume growth of exports looks more than ever over-optimistic. UK output is already expected to fall by 1 per cent: the prospective recession now looks more certain.

Rising oil prices will also, of course, add to other cost pressures. After the much bigger oil price increase of 1973, consuming countries on the whole tried to offset the deflationary impact through fiscal policy. This time there is a greater inclination to follow the advice Mrs. Thatcher has offered in Tokyo and accept the fact of a loss of real national income. The present round is therefore likely to be more depressing to activity but rather less inflationary than was the case in 1973, having regard to the smaller percentages involved. It represents both a deepening determination to reduce recent inflation rates before they become built into the industrialised way of life, and a passive admission that growth is for the moment oil-constrained.

The implications for long-term policy are increasingly understood. The leaders in Tokyo are giving much attention to the kind of strategies we discussed yesterday—the essential role of nuclear power in the medium term, and the urgency of substitution into more readily accessible sources of energy in the nearer term. It now seems clear that long-term growth possibilities are limited by the pace at which we can reduce oil-dependence.

However, the Geneva meeting has strengthened the case for more urgent action. During the disorders which have followed the crisis in Iran at the beginning of the year, the price discipline of the OPEC cartel has been swamped by market forces. A marginal shortage has raised bid prices so rapidly that the more militant members of the group wished to maintain pressure by cutting output; and so raise prices rapidly.

If OPEC were united in its demands, and uninterested in the stability or welfare of the outside world, it would be hard to devise any peaceful counter to such a strategy: but fortunately Saudi Arabia, the largest producer with the largest reserves and the largest potential for expansion, takes a broader view. The actions of Sheikh Yamani in Geneva matched his words in London. Saudi Arabia is prepared to help consumers if they are prepared to tackle the problem themselves.

This sounds like a moral *quid pro quo*, but in present circumstances it is highly practical: for if demand can be put on to a falling rather than a rising trend, then Saudi Arabian readiness to raise output to stabilise prices could have a real impact. The militants might hesitate before making disproportionate cuts in output in a falling market. In a growing market, however, they can still impose scarcity and show a profit.

Unpopular steps

The consuming countries, then, should not wait for long-term results. If we are to help our friends to help us, immediate steps not just to stabilise, but to reduce oil imports would be the most effective way to stop an endless repetition of the events of the last six months. This may involve unpopular steps by way of taxation, speed and other consumption limits; but some small sacrifice in comfort and mobility would be a small price to prevent the present situation getting even worse.

An unfair way to tax

POLITICAL SEX appeal is not a prominent feature of double-taxation agreements. But the UK-U.S. tax treaty, which is currently generating considerable controversy in Parliament, harbours a political issue within the fiscal esoterica which is of vital concern to business and trade all over the world. This is whether individual American state governments should be able to impose arbitrary and inequitable taxes on British companies operating within their boundaries, while the British subsidiaries of their own corporations enjoy the full protection of a treaty between the Federal Government and the United Kingdom.

Clause deleted

The British Government will be right if it gives a frosty reception to the treaty as amended by the U.S. Senate, which has deleted a crucial clause concerning the "unitary" system of taxation adopted by California and other states. The original draft treaty sought to exempt British companies from unitary taxation, under which international companies are taxed not on their local profits, but on a proportion of their world-wide earnings.

Britain should refuse to ratify the treaty, at least for the moment, because of the cost of unitary taxation to British companies, which could be about $50m a year. The immediate gain to a handful of British companies if unitary taxation were lifted would almost certainly be less than the loss to other companies, in particular insurance concerns, if the treaty remains unratified. The reason for stalling on the treaty is the longer-term one that the Senate appears to have over-ridden principles of political equity in pursuit of narrow political gains, in a way that is inimical to international business.

Unitary taxation is unfair in principle because the method that each tax authority adopts to calculate the proportion of worldwide income which is to be taxed in its own jurisdiction tends to be the one most favourable to itself. In California, for example, the proportion of worldwide pay roll features prominently in the calculation, largely because labour costs in California are high. This is an extreme response to multinational companies' alleged use of unrealistic transfer prices to minimise their global tax bills.

But the U.S. Senate had two excuses for deleting the provision on unitary taxation. Some Senators doubted whether the federal government had the right and duty to regulate the fiscal actions of the states, even when these affect foreign companies. Some may also have been concerned about the idea that Britain might appear to be interfering with the relationship between federal and state governments.

The first of these objections is answered by the U.S. Supreme Court which has ruled that a local tax imposed in Los Angeles on container shipping was unconstitutional because it "invaded the federal government's right to regulate foreign commerce." Unitary taxation is surely a similar issue. The federal government is known to support a ban on unitary taxation because it could ultimately spread to other countries and damage American interests.

Back door

But it may be that the very fact that the U.S. Treasury has opposed unitary taxation created the impression that the UK-U.S. treaty was an attempt to curb the states' right to unitary taxation by the back door and accounted for some of the Senate's opposition to the original treaty. In September the Senate will be considering a domestic tax bill, introduced by Senator Mathias, which will include an exemption for foreign companies from unitary taxation. Senators who supported the amendment to the treaty for constitutional reasons, rather than simply to secure short-term fiscal advantages for their home states will then be able to express clear support for the Mathias provisions. If the American legislature shows then a sensitivity to the opinions of its international trading partners and of its own government, Parliament should move to ratify the UK-U.S. tax treaty. Until then businessmen and politicians in Britain, the U.S. and other countries should make their views known on Capitol Hill.

Rolls-Royce engines need more public aid

By RICHARD LAMBERT, Financial Editor

IN COMMERCIAL terms, Rolls-Royce has achieved a startling success over the last 18 months. In the face of the keenest international competition, it has been selected as manufacturer of the launch engine for the new Boeing 757 aircraft, for which there is an anticipated world market of 2,000. Two major national flag carriers, Pan American and Qantas, have ordered for the first time aircraft powered by its RB-211 engines. In 1978, the group negotiated deals which should bring in £2bn of revenue over the next decade, and further big orders are in the offing.

Yet at the same time it has become clear that Rolls-Royce is going to need very substantial injections of public funds over the next few years. The prospects for profitability over the medium term have been put in doubt by the strength of sterling. And it remains highly uncertain whether over the long term the group can ever be returned to the private sector.

Since nationalisation in 1971, Rolls-Royce has so far absorbed a little over £400m net of public money. Part of this is the cost of supporting the development of the RB 211-22 engine—the project that led to the company's financial disaster of 1971—which has worked out at roughly £165m, net of levy payments by Rolls-Royce to the Government on engine sales. In addition, there has been some £265m in loans and equity from the National Enterprise Board.

Contracting business

For much of this period, however, the business has been contracting in *real* terms. For instance, net working capital in 1978 was about a tenth lower than in 1975. From now on, output is likely to shoot ahead. Sales this year could rise from £763m to almost £1bn and by 1983—when the recent big orders will be pouring off the production line—annual sales should be up to around £2bn.

Sir Kenneth Keith, Rolls-Royce's chairman, compares the current surge in activity to what took place when the jet engine first came into existence. A great number of old aircraft are becoming obsolete, while the rise in fuel prices has transformed the economics of the airlines and put an enormous premium on engine efficiency. The upshot is that the output of Rolls-Royce's big jet engines, the RB-211 series, is scheduled to quadruple over the next five years.

This will require an enormous investment in development effort and working capital. Civil jet engines have a life cycle of 20 years and more, and manufacturers have to be prepared for a heavy drain on cash flow in the early years, leading to a period of high profits when the product has been fully developed and the "learning costs" written off.

This April, the previous Government committed a total of £192m at 1978 survey prices to fund further developments of the RB-211 programme. This relates to the Dash 535 engine, which is going on the new Boeing 757. In addition, further development work is going to be required on the big thrust (50,000 lbs plus) version of the RB-211, the Dash 524.

Cash flow problem

The expansion in sales is likely to have a disproportionate effect on working capital, which at the net level amounted to just over £200m last December, because of the increasing proportion of big civil jet engines in the output figures. These take over two years to produce, and do not bring with them the kind of progress payments that can normally be picked up on military work for the UK Government.

For the time being, the bulk of Rolls-Royce's cash flow is being swallowed up in the internally financed part of its research and development programme, which cost £73m last year and will probably continue to run at the equivalent of around 7 per cent of sales or a bit more. So it seems probable that over the next five years, the group will require in excess of £500m of external finance, including the funds already promised by Government.

Most of this will take the form of loans or of government subsidies tied to levy payments on future engine sales, and some of it will come from the private sector. Around £25m of NEB borrowing has already been refinanced with long term bank loans, and private sector loans could well rise by, say, £50m this year.

But substantial private sector borrowing is only made possible by the existence of what is effectively a comfort letter which commits the Government to stand behind the business. The fact is that Rolls-Royce's capital base is plainly inadequate for a busines of this scale and nature. Last December, its balance sheet showed equity of just £272m.

The key question is whether this Government money is being invested with an ultimate commercial return in view. Can the profits on the RB-211 series in the second half of the 1980s and beyond ever be enough to create a viable independent enterprise, capable of financing its future development needs? For although Rolls-Royce executives stress that the current development programme is exceptionally heavy, it is not going to end in a few years' time. Down the line, for instance, is the RB-432 which, if resources permit, could be developed to power a 130-seater aircraft in the mid 1980s.

A large part of the answer lies with the competition. To secure its big orders, Rolls-Royce is having to compete against the subsidiaries of two U.S. companies of awesome financial strength, whose jet engine turnovers are strongly supported by U.S. government business. General Electric has shareholders' funds of more than $6.5bn, and jet engines account for just a part of one division which in turn represents less than a quarter of group sales. Aerospace earnings last year were squeezed by rising development costs—but the impact on the bottom line was imperceptible.

Ashley Ashwood

Sir Kenneth Keith, chairman of Rolls-Royce, and Mr. "Tex" Boullion, President of Boeing, announcing Boeing's adoption of the RB211-535 engine.

Well placed for battle

United Technologies, the parent of Pratt and Whitney, is not quite in this league—yet it is still a giant company by most standards. Its sales of aircraft jet engines and spares last year totalled nearly $3bn, two-fifths of which went to the U.S. Government.

So in financial terms these companies have been very strongly placed in the struggle to get their engines in the new generation of airframes. They have had other advantages too, such as the cushion provided by a higher proportion than Rolls-Royce of profitable spares business. Above all, they have had substantial indirect support from the U.S. Government, through military and NASA programmes. For instance, GE's CF6 engine family was initially developed as a military project: it is now in use on, among others, the McDonnell Douglas DC-10 and the European Airbus A-300.

This is a specific case of a big military programme being adapted for civil purposes. More generally, Rolls-Royce executives emphasise that the profit formula adopted in the U.S. for defence contracts allows some civil research spending to be recouped through military payments. R and D with "potential military relevance" is eligible for government support. To get an idea of the importance of this concession, one need only consider that last December Pratt and Whitney had an orders backlog of $2.9bn relating to funded contracts and sub-contracts with the U.S. Government, where its total backlog amounted to $5.4bn.

It takes more than just technological excellence to beat runners like these in the race to open up what is virtually a new market in aircraft engines. Price competition has been cut-throat.

But order books for all three companies are now filling up for three and four years ahead, and the hope is that some time over the next year or so it could become less of a buyers' market. The first step is likely to be a general increase in the price of spares followed, with luck, by firmer prices for new engines.

Workforce stability

To stay in the game, however, Rolls-Royce is going to need a considerable increase in productivity. Although the make-up of its workforce may be rather different in five years' time, with a greater emphasis on direct rather than administrative labour, Sir Kenneth Keith hopes that the overall numbers will not be much changed. Nor does the group plan an enormous increase in its manufacturing facilities. Existing plant will be loaded to capacity and more work will be handed out to sub-contractors which will be among the big beneficiaries of the much increased workload.

Rolls-Royce and the National Enterprise Board believe that the expanded business will be capable of generating large profits in the latter half of the 1980s. The contrary view, the notorious Treasury analysis leaked in February, is firmly decried on all sides: it purported to show that the Dash 535 project could not break even until 1993 even on the most optimistic assumptions.

Yet there is no doubt that if the current strength of sterling is sustained for any length of time, the group's cost calculations will be thrown badly adrift. It is a prime victim of recent exchange rate movements for the great bulk of its costs arise in the UK, and it is selling to a civil aviation market where prices are set exclusively in dollars.

Sir Kenneth states that by 1982-83, when output is reaching peak levels, a movement of one cent in the sterling exchange rate will make a difference of £3.5m to profits on the bottom line. Last year the group was basing its sums on the assumption that the exchange rate would average $1.80 over the next five years. With the rate now standing at over $2.15, it is easy to see why Sir Kenneth believes that the Government must make a determined effort to get the rate in line with what is appropriate to Britain's manufacturing practices rather than to its North Sea oil wealth—which he describes as "an act of God."

Remaining in State hands

"If you ask me what we could do when the exchange rate is normal, I could see a period in the late 1980s when we could make profits of £100m plus," says Sir Kenneth. "But this exchange rate has taken me by surprise, as it has everyone else."

Over the medium term, there is no question that Rolls-Royce will have to stay in State hands, either as a subsidiary of the National Enterprise Board, as at present, or reporting directly to the Department of Industry. Sir Kenneth's views on the NEB as presently constituted are well known. He thinks it is irrelevant, and will either have to be revamped or abolished—"I don't give a damn which."

As for the longer term, Sir Kenneth speculates that by the middle of the next decade the group might be so profitable that it could be merged with a private sector company of similar size or bigger. That would help to smooth out the big cyclical swings of the gas turbine business. It would also mean that the benefits of its technology could be spread across to other activities, as happens already at GE and United Technologies.

But there can only be a tiny handful of UK companies with a big enough balance sheet to absorb the Rolls-Royce business. And at today's exchange rates, the idea sounds more like a piperdream than a practical possibility.

MEN AND MATTERS

Speaking out for the professor

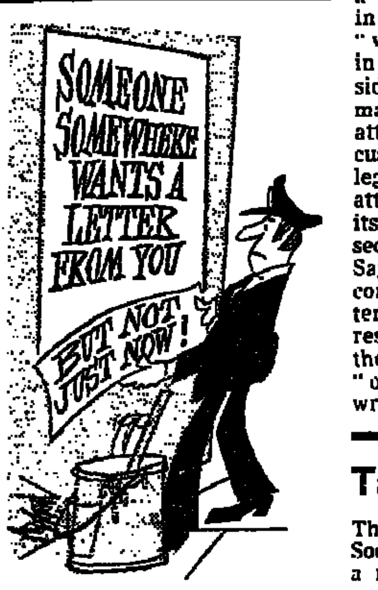
The young chartered accountant standing on a doorstep in Mayfair yesterday would have felt more at home behind his desk at Deloitte's in the City. But 29-year-old Waswa Lule was determined to make a public protest on behalf of his father, the professor who resigned last week as President of Uganda.

Lule was outside the Tanzanian High Commission in Hertford Street. He had been refused admission to a Press conference at which Amon Nekla, the High Commissioner, was assuring journalists of Professor Lule's safety at State House in Dar es Salaam, capital of Tanzania.

During the confused events after his resignation, Professor Lule was hurriedly flown out of Uganda. His family claim he is being held under duress at Dar by President Julius Nyerere. Without explaining why the professor is *incommunicado*, the Tanzanians have offered to fly some members of his family out to see him.

When I transmitted this offer to Waswa Lule he rejected it angrily. He claims that the Tanzanians "are not to be trusted," and that his father was being prevented from boarding a plane to London until he agrees to sign a document formally renouncing the Ugandan presidency.

Later I talked to Mrs. Elizabeth Lule, daughter-in-law of the professor, and married to another of his accountant sons. She said: "We keep trying to telephone the professor at State House in Dar, but they will not let us speak to him. We are all terribly worried—especially his youngest daughter, who is at a boarding school in England."



Playing it again

The clearing banks are much exercised at the moment over news that 1.25m "wonder pens" are about to be unleashed on the UK market. The wonder pens, already selling well in the US, contain ink which can be rubbed out like a pencil. In short, the pen is to the fraudster what the jemmy is to the bank robber.

"We foresee grave problems," I was told yesterday by the Banking Information Service, which told me that at least one clearing bank intended to print a warning on its cheque books in time for the arrival of the "wonder pen" (called Replay) in September. The Gillette subsidiary, Paper Mate, which makes Replays, is itself already attuned to the vices of potential customers, and the possible legal rebound. Each pen has attached to it a warning against its use for signing cheques, security, or financial documents. Says Paper Mate calmly: "This completely absolves or extenuates Gillette from any responsibility." The onus, in the case of fraud, is therefore, "on the banker or cheque writer."

Taxing politics

There was a time when Socialists were fond of quoting a ratio to support their creed. It was 7:84—meaning that 7 per cent of the population owned 84 per cent of the wealth.

Gerald Kaufman, Industry Minister in the last Government, produced a new ratio yesterday that should come in handy for Left-wing polemicists. He offered it to the Commons: 6:34. This is the revelation, according to Kaufman's calculator, that 6 per cent of the taxpayers receive 34 per cent of the last Budget's benefits.

Kaufman says that he obtained the data from which his ratio is derived from the Treasury. However, none of these inflammatory figures can be found in Hansard, since that journal has not been published for the past ten days because of a dispute at its printers. Are they among the 94 per cent?

Leakage of funds

A long-overdue look as those better-established of the nation's Quangos, the water authorities, goes out on the air on Sunday night, the first of a series of Radio 4 investigative programmes presented by Roger Cook. Water authorities might not sound the most humorous of subjects, but there is a passage in this programme which some may find grotesquely funny. It is an interview recorded in a pub run by the Thames Water Authority on Queen Mother reservoir, near Windsor Castle.

Against a background of Spanish canned music, Reg Bolland, a tireless campaigner against TWA waste and inefficiency, describes the authority's unfortunate excursions into entertainment and farming: "Without any authority that I can find, they lost last year about £60,000 on the bar and restaurant. It's the only pub I know where two drinks out of three are on the house. . . . They also decided they would be farmers, and took it up in a very big way. They are the most inefficient farmers in the whole country. They managed to lose in the first year £4,000, in the next year they lost £116,000, and in the third year they did very well indeed: they lost £232,000."

The figures for 1978 are due out on Monday, and are also unlikely to bring joy to London ratepayers.

Alcohomobiles

What the U.S. does today, Brazil began doing yesterday—at least in the use of alcohol to supplement petrol supplies. Amoco is to start selling 1m gallons of gasohol (containing 10 per cent alcohol) a month in the Mid-West; but this is merely a tentative excursion down a road to which Brazil is already heavily committed.

With one ear cocked for the outcome of the OPEC meeting, Brazil has been making brave noises this week about its use of sugar cane, eucalyptus and cassava to produce methanol. This today makes up 20 per cent of the mixture on which the country's cars are run.

President Joao Figueiredo has just taken delivery of four alcohol-converted Volkswagen minibuses, two motorcycles, and a converted Volkswagen "Beetle." He drove the Beetle around Brasilia's main square, and afterwards said it was a "delight."

Brazil expends half of its import bill on oil—the cost in foreign exchange will be approaching $7bn this year. So the $5bn the government has allocated to a six-year "alcohomobile" drive is by no means out of proportion.

There are plans to start producing the first all-methanol vehicles soon.

Phantom service

At a Hampshire bus station a reader received this reply to a request for information: "Sorry, Sir, there's no last bus on this route tonight."

Observer

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POLITICS TODAY

Masters in their own House

Labour MP was asked ames Callaghan what irst thing he had done ng the House of Com- fe had, he said, sup- : call for the new select es. "Ah," sniffed the rime Minister, "you'll "

it or not, the new ntally-related com- ure now with us and ot help thinking that se of Commons will quite the same again. ne more one looks at rms, the more it clear that they are ital. Over a period they ansform the relation- ween back bench and ench MPs, between- ; and Westminster and, , between civil ser- nd their political

is only one major g point. It is up to MPs of the reforms what l. There have been mmittees before, some with powers very to those now being d, and they have not nade much of a mark. efore, however, have ed on such a systematic d in response to a from the House. MPs to work hard to get out of the system, but s be no doubt that the k for change now ey will have only them- blame if they fail to

xtent of the change nclear to some mem- en now. Throughout debate there were two nplaints coming from es of the House. The that the new select com- ould only work if they lequately staffed, the on being that the resources would be found wanting. The second was that the membership of the committees would be rigged by the influence of the party whips who would manage to keep out deviants, independents, or indeed anyone with an appropriate knowledge of the subject.

Staffing

It is not generally realised that both dangers have already been guarded against. The question of staffing is provided for in a little-noticed piece of legislation last July: the House of Commons (Administration) Act, 1978. The Act takes away control of House of Commons expenditure from the Treasury and places it in the hands of the House. More particularly, it gives control to the House of Commons Commission.

The Commission consists of the Speaker, the Leader of the House, a member of the House nominated by the Leader of the Opposition and three other members of the House, appointed by the House, none of whom may be a Minister of the Crown.

In the present Parliament the non-ex officio members of the Commission have yet to be appointed, but the drift should be clear. If the chairmen of the new select committees were to go along to the Commission and say "we need 12 full-time experts to staff the Committee on the Treasury, 10 for Defence and six for Agriculture and so on," all they would have to do would be to argue their case.

They might not get everything they wanted. That would be a matter for discussion and there is some feeling among the *cognoscenti* that the American system of providing committees with staffers has gone too far. (The average number of staff employed by an American Congressman, for example, is now 16.) But the point is that it is a House of Commons matter. It is the House which will decide how the new committees will be serviced.

It is also the House, and not the Government or the whips, which will decide the membership of the committees. The key body here is the Committee of Selection and it possesses quite extraordinary powers of patronage. The Committee consists of nine members, five Conservatives and four Labour. Its chairman is Mr. Philip Holland, the Conservative Member for Carlton. Mr. Holland went a long way to explaining how the Committee works in the course of Monday's debate.

The Conservatives now have the majority on the Committee because they are the majority party in Parliament. However, the Conservatives tend only to discuss Conservative applications to join the Select Committees. Labour applications will be discussed by the Labour members. The Labour and Conservative groups will then put forward their nominations at a meeting of the whole Committee of Selection. By and large, the nominations are accepted.

Until this week the powers of the Committee of Selection dealt with standing committees and not with select committees. They have now been extended to cover the new system, and there is no reason to believe that they will be exercised in any different way. Thus it is of interest to see what Mr. Holland had to say about the influence of the Whips' Office. He acknowledged that the Whips' Office did make suggestions, as did individual members, chairman of select committees and chairmen of party committees. He added: "We do not always accept every suggestion that we receive, but we consider them." In other words, the suggestions are treated on merit wherever they come from.

We shall be able to test Mr. Holland's account when we see the composition of the select committees in the next few weeks. But again the point is that it is in the power of the House, and not in the power of the Government or the whips, to make the appointments. If the Committee of Selection were to kow-tow to the whips, the House would have only itself to blame.

As far as one can gather the aim of the Committee of Selection is to produce committees as broad-based as possible. The range of choice is narrower on the Conservative side because so many people are ministers and therefore cannot be considered. There also appears to be one procedural difference between Conservatives and Labour. Conservative applications are going direct to the Committee of Selection, whereas Labour Members have been invited to channel their's through the Whips' Office, though it may be only as a kind of clearing house. There has been no strong suggestion yet that the Labour whips are rigging, and in any case an attempt to rig would not necessarily lead to success.

Inundated

The number of applications is high and Mr. Holland speaks of being inundated to the point where the Committee might yet have to ask for more time before making its final nominations. The criteria being applied are knowledge of the subject, parliamentary experience and to some extent regional balance. There will also be some attempt to get at least one new MP onto each Committee.

On the basis of those criteria, it seems quite likely that (say) either Mr. Frank Allaun or Mr. Ian Mikardo could win a place on the Defence Committee if they applied. No one can doubt either their Parliamentary experience or their interest in the subject. The fact that they hold strong left-wing views would be irrelevant. Equally, at the other end of the spectrum, Mr. Julian Amery would have a strong case for being appointed to the Defence or Foreign and Commonwealth Committees. Again, we shall see. But if the criteria really are applied, there is no reason to assume that the select committees will be made up of placemen.

There is a final point about what the committees will do. Take the Treasury Committee as an example. It might call for a hearing on the exchange rate. What is the case for a strong pound? What is the advice that the Chancellor is receiving from his officials? Do the officials always agree? What are the counter-arguments? What does the Bank of England think?

The example is random, though topical. If the committee is constituted in time, it could even meet during the summer recess. Merely to mention the sort of questions that the committee might raise should illustrate the fundamental nature of the change proposed this week. Who knows? There might soon be politicians who would prefer to be chairmen of a select committee rather than take government office. The only qualification remains that it is up to MPs themselves to exploit their new opportunities.

Malcolm Rutherford

MONDAY JUNE 25

SELECT COMMITTEES RELATED TO GOVERNMENT DEPARTMENTS

Mr. Norman St. John-Stevas

That—

(1) Select committees shall be appointed to examine the expenditure, administration and policy of the principal government departments set out in paragraph (2) of this Order and associated public bodies, and similar matters within the responsibilities of the Scottish and Northern Ireland Offices.

(2) The committees appointed under this Order, the principal departments of Government with which they are concerned, the maximum numbers of each committee and the quorum in each case shall be as follows:

	Name of committee	Principal government departments concerned	Maximum numbers of Members	Quorum
1	Agriculture	Ministry of Agriculture, Fisheries and Food	9	3
2	Defence	Ministry of Defence	10	3
3	Education, Science and Arts	Department of Education and Science	9	3
4	Employment	Department of Employment	9	3
5	Energy	Department of Energy	10	3
6	Environment	Department of the Environment	10	3
7	Foreign Affairs	Foreign and Commonwealth Office	11	3
8	Home Affairs	Home Office	11	3
9	Industry and Trade	Department of Industry, Department of Trade	11	3
10	Social Services	Department of Health and Social Security	9	3
11	Transport	Ministry of Transport	10	3
12	Treasury and Civil Service	Treasury, Civil Service Department, Board of Inland Revenue, Board of Customs and Excise	11	3

(3) There shall in addition be a select committee to examine the reports of the Parliamentary Commissioner for Administration and of the Health Services Commissioners for England, Scotland and Wales which are laid before this House, and matters in connection therewith: and the committee shall consist of eight Members, of whom the quorum shall be three.

(4) The Foreign Affairs Committee, the Home Affairs Committee and the Treasury and Civil Service Committee shall each have the power to appoint one sub-committee.

(5) There may be a sub-committee, drawn from the membership of two or more of the Energy, Environment, Industry and Trade, Transport and Treasury Committees, set up from time to time to consider any matter affecting two or more nationalised industries.

(6) Select committees appointed under this Order shall have power—

(a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;

(b) to appoint persons with technical knowledge either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference; and

(c) to report from time to time the minutes of evidence taken before sub-committees; and the sub-committees appointed under this Order shall have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, and to adjourn from place to place, and shall have a quorum of three.

(7) Unless the House otherwise orders, all Members nominated to a committee appointed under this Order shall continue to be members of that committee for the remainder of the Parliament.

That this Order be a Standing Order of the House.

That Standing Order No. 87 (Expenditure Committee) be repealed.

Letters to the Editor

: a job boys

. B. N. Sefton-Forbes

lr. Baker White (June irprised at the lack of p shown by The City, great companies and of Parliament; particu- *their reactions to* the udget.

ate to cross swords with iker White, who has s an M.P. and whose r of certain aspects of is second to none. *less, I must point out* not The City, or indi- n London Head offices, Members of Parliament, pple with the problems , manufacture, market- lustrial relations, re- and finance, *and* who make industrial and ial companies profitable ire.

of us who face these s every working day of s have welcomed the Not *as a reason for* r normal work, but as a t, at last, a Government nising our efforts. ht even be to the advan- industry and the country City and Parliament re- troverted; *after all, boys* keep quiet and let men with the work, fton-Forbes.

ter Road, Bath.

nd up and counted

he Chairman, International

-I am sure many of us in y agree and support the nts by John Baker White letter in *your issue of* 3.

Budget, which should een greeted with roars of al and promises to per- y industry, the City, farm- d many other bodies, has ed only a deafening

years we have moaned high taxation, *no incen-* too much nationalisation, ny civil servants, the NEB, ny strikes, too much trade interference in Govern- too much Government, national defence, no al pride and so on *ad um.*

have a Prime Minister who *ithin weeks, tackled many* ese problem areas with ge and determination. For n's sake, stand up and be ed because if we refuse to p the challenge and oppor- for enterprise and tive, then never *again* will ave a Government in a on to offer it.

Smith, *ss, Scotland.*

efinition of oney supply

Mr. I. C. Morison.

—In repeating his call for tory control over the level tes and coin in issue (June Mr. Smedley claims to have refreshed by a "recom- dation" from three Bank England economists that ct control of *the* monetary might prove more effective attempts to control M3. ing re-read the article in tion in the Bank's June etin, I find *myself* puzzled Mr. Smedley's letter on three ts.

irst, the *monetary* base that Bank economists have been considering quite specifically *excludes* notes and coin held by the public, on the grounds that they are "hardly a variable over which the authorities would (or could) seek control" (paragraph 7). Secondly, the economists conclude that strict control of the monetary base "would continually threaten *frequent and potentially* massive movements in interest rates, if not complete instability" (*paragraph* 29). Thirdly, they made no recommendations.

In short, there is nothing in the article to support Mr. Smedley's claims and much to refute them. The economists do, admittedly, see potential merit in a "relaxed" monetary base system, but I doubt whether as extreme a monetarist as Mr. Smedley can derive any real satisfaction from that.

I. C. Morison,
Head of Public Policy Group,
Inter-Bank Research
Organisation,
Moor House,
London Wall, EC2.

Employee share schemes

From the Managing Director, Cockman, Copeman and Partners

Sir,—Mr. Baizert (June 19) and Mr. Cole (June 25) put forward differing views in their letters on employee share schemes, both making very interesting comments on the importance of such schemes. I feel it is going to be vital for British industry for companies to secure *the co-operation of their* employees at all levels in order to achieve the superior perform*ance on* which our futures depend. While not being a panacea for all ills, employee share ownership may well play a significant part in this. The well known Metzger study of companies in America over an 18 year period showed *that those* companies with employee share schemes out-performed those *without on all accepted* indicators. While that study is somewhat dated, its findings are certainly supported by a current American study of 30 companies which have introduced Employee Stock Ownership Plans (ESOPs) in recent years. *The* latest figures available (April 1979) show *that* since the *introduction of the* ESOPs, the corporate profits of these companies have improved, on average by 125 per cent, productivity per employee by 38 per cent, sales by 67 per cent and the number of people employed by 30 per cent.

At a time when wealth and job creation are both highly important industrial subjects, surely these figures are significant and add weight to Mr. Baizert's view of such schemes?

It is a shame that *we have to* keep turning to the U.S. in order to obtain "evidence" that share *schemes* work. Thankfully this may not be the case much longer as over 100 companies have now submitted proposals to the Inland Revenue for the introduction of share schemes capable of approval under the legislation introduced in the *Finance Act* 1978. Furthermore, statistics which are available and which are equally impressive lead me to disagree with Mr. Cole when he infers companies will wish *to put* the restrictions on an employee's right to dispose of shares to further their own interests. This may be necessary in some cases, but certainly not in others. Two of Britain's best known companies, British Home Stores and Marks and Spencer introduced employee profit sharing share schemes in 1977 and in both schemes, participants are absolutely free to sell their shares the moment they receive them. In fact this has not been the case. In British Home Stores *there were nearly 6,500 participants* in the first allocation and at the end of the first year, only 50 had sold their shares and similarly, in Marks and Spencer out of just over 17,000 participants, something less than 250 have sold their shares.

These, and the American figures must lead our industrial decision-makers to positively explore the potential advantages of establishing a scheme in their companies. I agree with Mr. Cole however, when he mentions that the present position is not *totally satisfactory. We do need* further encouragement for savings, including only capital gains tax being levied on the gains arising from savings related share schemes. We also need integrated legislation which does allow the establishment of schemes suitable for employees not involved in the private sector. Concessions could be worked out to encourage capital accumulation which is related to the *performance of "Great* Britain Limited," but for the present it is of paramount *importance that the private* sector takes the lead and proves once and for all that by giving employees the opportunity to share in the success, the need for profits and investment will be better understood and valued which can only be in the interests of all sections of our community in the long-term.

Richard Cockman,
9, Staple Inn,
High Holborn, WC1.

Electoral reform

From Mr. David W. Green

Sir,—Now that we have finished with elections for this year, it is high time we took a close look at the dog's breakfast we like to call an electoral system.

It is, for example, plainly insane to hold four sets of elections in almost as many weeks. It is plainly ridiculous that the *nomination regulations* for Parliamentary elections require only ten signatures on a form and a deposit of £150, with the result that there were a record number of fringe candidates who stood no chance of winning but *who nonetheless* enjoyed several thousands of pounds' worth of facilities provided by the taxpayer.

Moreover, it is plainly undemocratic for the Newcastle Central MP to represent only *24,000 voters when the MP* representing Norfolk North has over four times that number in his constituency. And it is nonsense to suggest that we have a representative democracy when we are dictated to by a government *supported by* only 38 per cent of the electorate, and when 47 per *cent of those* who voted are not represented in Parliament.

Any doubts about the inadequacies of our existing electoral arrangements must have been dispelled by the farcical results of the Euro-elections which left the Labour Party heavily under-represented and the Liberal Party without *any representation at all.*

Those who value freedom of the individual and private enterprise might be tempted to condone the existing system for the distorted *majorities* it has given the Conservatives over the last few weeks. Such people *should remember that the same* system has given outright power to the Socialists on several occasions, even though the Labour Party has never in its history enjoyed majority support in this country. They should then consider the fate of the financial institutions, private enterprise, education and medicine when the same electoral system distorts the results in favour of a Labour *Party led by Peter Shore or* Tony Benn.

We need electoral reform—now.

David W. Green,
186, Appletrees,
Bar Hill, Cambridgeshire

Frozen food in schools

Sir,—I was interested to read your recent article on frozen food in schools (June 5).

I felt you might like to know *that here in Kent we are already* using frozen food for school meals in a way which has progressed beyond the experimental.

A pilot scheme was started in the Maidstone area in June, 1969. Financial and other information obtained showed that this was a viable and acceptable method of producing school meals and a decision was taken to proceed with a purpose-built central production unit at West Malling.

This has been operational since September, 1978, and is currently producing meals for 3,000 pupils. More "end" kitchens are gradually being *taken into use and by 1984 its* capacity will be 10,000 meals per day. There is of course the possibility also that some of this capacity will be used for meals for Social Services establishments.

John Barnes,
Chairman,
Education Committee,
Kent County Council,
Springfield, Maidstone.

Taxation on learning

From Mr. J. B. S. Birch.

Sir,—One of the effects of the unified 15 per cent VAT rate has been to put an added and unwelcome burden on some cultural and educational activities.

In the theatre, a new musical is having to close, and one of the reasons given was that the new VAT rate made it more difficult to take risks and "nurse" a production to success. In the art world dealers are expecting more works of art to leave the country as export sales escape VAT.

Some types of education at independent colleges are also subject to VAT, and students are *having to pay tax* at rates previously only levied on furs, jewellery and other luxury goods. VAT on education amounts to a tax on knowledge, which was abandoned on principle in this country more than a century ago.

The time is surely ripe for a re-examination of the scope of VAT. There seems no reason why the activities mentioned should receive less favourable treatment than say newspapers, which are zero-rated. Alternatively we should go back to a two-tier system to end the unfairness inherent in taxing *luxuries and non-luxuries* at the same rate.

A unified 15 per cent VAT rate *is a blunt weapon which could* harm our cultural life. It now ought to be reconsidered in the light of experience.

J. B. S. Birch,
College of Journalism,
62 Fleet Street, EC4.

Catch 22 in Rhodesia

From Mr. Anthony C. L. Rennie.

Sir,—Your leader "More trouble for Muzorewa" (June 25) pinpoints the "Catch 22" position any realistic appraisal of the Zimbabwe-Rhodesian Constitution would have foreseen, namely a minority (in terms of seats) "African" Government dependent on a disproportion*ately large white minority* representation, not to mention the naive exclusion from that Government's jurisdiction of matters pertaining to the Civil Service, the armed forces and police. Such a formula presents no basis for recognition "*de facto*" or "*de jure*."

The caution counselled by your leader is all the more pertinent in a situation that is far from static. Having visited this *tragic country on three separate* occasions in the past five years, I can only add that it would be *an error of major proportions*, if the Government were to grant recognition and lift sanctions as things stand at present and I write as a member of the Government party. One only can hope that Lord Carrington will act in the spirit of one, who was perhaps the greatest and most respected of post war colonial secretaries, the late Ian MacLeod.

However, Zimbabwe, as the country surely become known after the great Zimbabwe civilisation of which the Zimbabwe ruins give testimony, cannot be *allowed through benign neglect* to drift into a state of increasing civil war, the miseries of which fall largely on the rural African peoples. It is no less a problem than the Middle East and as in the Middle East a fundamental resolution cannot be achieved without the consents of at least most of the interested parties.

Whilst appreciating the efforts of Lord Harlech, there are surely others whose knowledge and understanding of and sympathy for Zimbabwe and its majority peoples could make them better suited to the role of "honest *broker." I refer to persons such* as Stewart Parker, the much respected former private secretary to Sir Roy Welensky during federal days or Tiny Rowlands or indeed Alan Savory. Any or all of these gentlemen with suit*able back up outwith the realms* of bureaucracy could gain the confidences of each of the main interested parties and thus take the necessary findings on which an early conference in late autumn might be held in a last *endeavour to avoid a civil war* in which there will be few victors. As a venue, I would have thought it should preferably be in Africa, as it is primarily a question to be dealt with by Africans, and if possible in a country not directly involved such as Kenya. Caution by all means, unwarranted delay, never.

Anthony C. L. Rennie,
34 Ancaster Drive,
Glasgow.

Today's Events

GENERAL

UK: *Sir Keith Joseph, Industry Secretary, visits Tyneside and Teesside.*

Mr. Geoffrey Chandler, NEDO director general, opens construction industry conference, London.

Financial Times conference on *domestic banking concludes.*

The Queen opens high power laser facility at Atomic Weapons Research Establishment, Aldermaston.

Overseas: World economic summit conference in Tokyo concludes.

PARLIAMENTARY BUSINESS

House of Commons: Pensioners' Payments and Social Security Bill. Debate on multilateral trade negotiations.

COMPANY RESULTS

Final dividends: John Brown, Robert Moss, Rediffusion. Interim dividends. CGSB Holdings. Lonrho. J. F. Nash Securities.

COMPANY MEETINGS

Advance Laundries, Stratton House, Stratton Street, W, 12. Foseco Minsep, 36 Queen Anne's Gate, SW, 12.30. Headlam, Sims & Coggins, 5 Albemarle Street, W, 11. P. C. Henderson, Winchester House, Old Broad Street, EC, 12.15. *Hield Brothers*, Briggella Mills, Bradford, 12. Charles Hill, 129 Cumberland Road, Bristol, 11. Lesney Products, Tower Hotel, St. Katherines Way, E, 12. M. D. W., 21 Blythswood Square, Glasgow, 12. Mentmore Manufacturing, Winchester House, Old Broad Street, EC, 12. Pritchard Services, Winchester House, Old Broad Street, EC, 12. Scottish Ontario Investments, 29 Charlotte Square, Edinburgh, 12.30. Selincourt, The White House, Albany Street, NW, 11. Whittaker Ellis Bullock, Royal Angus Hotel, St. Chads Queensway, Birmingham, 12.30.

Redland profits rise 13% on 10% sales increase

IN A period of trading recovery, total sales of Redland rose by 10 per cent to £397m for the year ended March 31, 1979, and profits before tax were up by 13 per cent from £39.87m to a record £45.2m. At half-time the surplus had increased from £18.12m to £21.66m.

The result was achieved in spite of the severe winter and a strengthening of sterling against the major currencies, in which 65 per cent of the group's profits were earned overseas.

Attributable profits for the year were 23 per cent ahead to £23.44m, exceeding the pre-tax advance principally because heavy capital expenditure in the UK cut the tax charge—total tax was only 0.8 per cent higher at £16.14m.

With earnings per 25p share at 24.5p (20.82p), the net dividend total is hoisted from 4.22p to 6.551p with a second interim of 4p. At the gross level, this represents a 50 per cent increase, as forecast in February, when the Treasury indicated its consent to this rise in relation to the U.S.$25m Eurobond Financing of the U.S. acquisition programme.

Earnings are, however, still 3.7 times the increased net dividend and the Board will give further consideration to the company's dividend policy at the time of the 1979-80 interim results in November.

In the U.K. the 11 per cent advance in profits to £15.44m was broadly based and would have been greater but for the harsh winter which caused losses in the last quarter.

Nevertheless, all major divisions improved their profits, with the exception of Redland Bricks which suffered from a particularly sharp decline in housing starts in the south east of England.

The dominant profit earners in the UK continued to be Redland Aggregates and Redland Roof Tiles. Redland Purle made further progress and has finally established its freedom to continue to develop the important Pitsea landfill site.

The 13 per cent profit increase to £18.91m achieved by overseas subsidiaries and the 16 per cent rise to £10.85m by associates, largely reflected very satisfactory trading in the group's European roof tile business.

The most important advances were made in France and Holland. In Germany, in addition to growth in roof tiles, Braas and Co. also improved the profitability of its plastic building materials division.

Conditions in the Australian construction materials industry were difficult throughout the year and Concrete Industries (Monier) performed well by offsetting the declines in its domestic business by significant advances in North America and South East Asia.

	1978-79 £m	1977-78 £m
Group sales	305.45	270.56
UK	125.68	114.11
Overseas	179.77	156.45
Share of associates†	91.54	89.03
Total sales	396.99	359.59
Profit before tax	45.20	39.87
UK	15.44	13.84
Overseas	18.91	16.70
Share of associates†	10.85	9.33
Tax	16.14	16.01
UK	2.95	3.17
Overseas	13.19	12.84
Net profit	29.06	23.86
To minorities	5.62	4.77
Attributable	23.44	19.09
Extraord. debits	0.28	—
Making	23.16	19.09
Pref. dividends	0.02	0.02
Ord. dividends	6.28	4.01
Retained	16.86	15.06

† Principally overseas

The group figures do not include any profits arising from the acquisition in January of Automated Building Components Incorporated, which makes up its accounts to December 31.

See Lex

INDEX TO COMPANY HIGHLIGHTS

ACC reaches £16m forecast

TAXABLE profits of Associated Communications Corporation, formerly Associated Television Corporation, reached £16.31m in the year to March 31, 1979, in line with the forecast at the time of the offer for Intereuropean Property Holdings in March.

Last time, the taxable surplus of the television, theatre and records combine was £13.7m. Turnover advanced from £113.59m to £133.8m.

The net final dividend of 4.9p lifts the total to 8p (6.606p)—above the forecast 7.3128p.

After tax of £7.53m (£5.75m), net profit came through higher at £8.78m compared with £7.93m. There are extraordinary debits of £164,000 (£149,000 credit). Earnings are shown at 16.77p (16.53p) before the extraordinary items.

	1978-79 £000	1977-78 £000
Turnover	133,804	113,588
Profit before tax	16,308	13,700
Tax	7,533	5,775
Net profit	8,775	7,925
Minorities	7	*24
Extraordinary debit	164	†149
Attributable	8,618	8,050
Dividends	4,190	2,424

* To minorities. † Credit.

● comment

Profits from ACC's property operations jumped from £2½m to £3½m in the latest year and helped push overall group figures up 19 per cent to the better than forecast £16.3m. Film profits were marginally ahead, television results were up but the record and tapes side did not do well. Start up costs for the U.S. Marble Arch Productions were less than anticipated but they still restrained overall group figures though that operation is expected to break even in the current year. Also there will be a contribution from the ACC/EMI distribution joint venture plus 8 months of profits from Intereuropean Properties. Some recovery is expected from record and tapes. The overall picture thus suggests the outlook for the company this year is bright. The shares rose a penny to 129p yesterday giving a fully taxed p/e of 8.2 and a yield of 9.2 per cent.

Leboff well short of target

TAXABLE PROFITS of S. Leboff in 1978 were well below the midway forecast — coming through at £568,225 against £1,019,953. Turnover was down from £19.17m to £17.85m.

At the halfway stage, the surplus fell to £20,514 (£876,614), but the directors expected the full-year outcome to be very similar to last time.

The net final dividend of 1.155p raises the total to 2p (1.79p). After a tax credit of £100,741, against a £297,189 charge, the net profit came through at £668,966 (£722,764).

The directors say turnover is now running well ahead of last year after being hit by the bad weather and strikes. The retail DIY division is progressing satisfactorily with more new stores opened. They expect a satisfactory outcome for the year.

The directors say the results reflect the efforts made in 1978 to put the group into a position for growth in the next decade, and the problems reported in the last annual report.

Mr. Bristol defeated but still wants Furness

BY JOHN MOORE

KCA International and Eurocanadian Shipholdings yesterday lost their battle for influence over the affairs of Furness Withy, the British shipping group. Under 1 per cent of uncommitted Furness shareholders rallied to the KCA-Eurocanadian cause at the Furness annual meeting.

The resolution that Mr. Paul Bristol, chairman and chief executive of KCA, had proposed—that he should be appointed a director of Furness—was heavily defeated by 13.78m votes to 6.13m.

The defeat came even though KCA's 12.13 per cent holding in Furness was backed by Eurocanadian's holding of 10 per cent.

Two other resolutions were dropped by Mr. Bristol, "to defuse some of the heat in the controversy."

One of the resolutions dropped called for a working party to be established by Furness with KCA to explore a formula for the merging of the two companies' respective oil service interests; another directed that Furness should explore the possibility of buying out Eurocanadian's 37.5 per cent shareholding in Manchester Liners, a Furness subsidiary.

European Ferries, which holds a 5 per cent stake in Furness and which Mr. Frank Narby, the chief executive of Eurocanadian, hoped would support their cause, voted against the Bristol proposal.

But Mr. Bristol said yesterday after the meeting that KCA would continue to add shares to his 12.13 per cent holding in Furness. He said: "I wanted to bring this matter into the open." He added that he would be seeking a substantial British interest to associate with in a deal which could lead to a bid for Furness.

Mr. Keith Wickenden, chairman of European Ferries, said after the meeting that he had not supported the KCA-Eurocanadian camp "because I was not convinced by the arguments. I came to that conclusion long before the weekend."

Mr. Frank Narby said yesterday "this is just the beginning." He added that he had taken "some liberties" in using Mr. Wickenden's name in connection with his intentions, "which perhaps I should not have done."

Mr. Wickenden said that his company had "always been interested in Furness. But we would want to do it ourselves. We are not anxious to put a package deal together."

ISSUE NEWS

Sound Diffusion £1m cash call

Sound Diffusion, the Sussex-based electronic engineers, is raising £0.97m net through a one-for-four rights issue at 60p per share.

In view of the "substantial" discount—51 per cent on last night's closing price of 123p, up 7p—the directors say they decided not to underwrite the issue. A total of 1.67m new 5p shares are being issued.

The dividend forecast for the current year to end December, 1979 is 1.05p net on the increased capital, after allowing for the one-for-one scrip announced earlier this month (but not yet implemented). At the gross level this is a 31 per cent increase over the previous year and provides an ex-rights yield of 2.8 per cent before the scrip adjustment.

Explaining the reasons for the issue, the directors say that the company finances its growing investment in rental installations by selling leasing companies a major proportion of the new installations completed each year. Rentals from installations sold are the property of the leasing company but after an agreed period (usually between five and eight years) 87 per cent of the benefit of the rentals reverts to Sound Diffusion.

The company will start receiving the benefit from 1983 onwards. In the meantime, however, there would not be sufficient margin in projected cash flow to make any significant investment in developing new products or in expanding the group's overseas sales force, they say.

The directors believe the growth rate of Sound Diffusion could be progressively improved from 1980 onwards if cash were available now for new product development and for the rapid expansion of its sales effort overseas.

Part of the proceeds of the issue will also be used to replace high interest rate loans of about £300,000.

Dealings in the new shares will begin, nil paid, on July 2. Brokers are Rowe and Pitman.

Meanwhile, the directors have been advised that it would be desirable to expand the group by buying the two private companies, Sound Diffusion (Manufacturing) and Sound Diffusion (Service), both owned by the Stonor family.

The directors are considering the best way of doing this and if and when satisfactory arrangements are agreed, they will be put to shareholders at a general meeting, at which the Stonor family will abstain from voting.

STC shares reach 182p

Shares of Standard Telephones and Cables, which were offered to the public at 160p last week, traded in a narrow range of between 177p and 182p when dealings started yesterday—a premium of at least 11 per cent.

The shares closed last night at 178p, which values the company at £178m.

Jobbers reported heavy trading in the 15m shares issued, with most of the stock going into the hands of institutions.

The issue was oversubscribed by about 11½ times.

STC is a subsidiary of International Telephone and Telegraph of the U.S.

Hill Samuel sees benefits

THE DIRECTORS of Hill Samuel Group are developing relationships established with Banque Arabe et Internationale d'Investissement and First City Bancorporation of U.S., and have set up a joint venture with BAII in the form of a new merchant bank in Bahrain.

Sir Kenneth Keith, the chairman, says in his annual statement that these are important developments for the group, "and I believe they will yield great benefits in the course of time."

He adds that unlike manufacturing companies the group is not granted any form of tax relief against inflation. Some success has been achieved in overcoming this problem but the directors will continue, the chairman says, to press for the grant of appropriate relief.

As reported on June 13 net profit for the year ended March 31, 1979, came out 13 per cent higher at £7.73m. The merchant bank had a successful year with profits up from £3.92m to £4.56m. The dividend is stepped up to 5.3198p (4.904p) per share.

In continuation of the policy of building up the policyholders' and shareholders' funds the whole of the year's surplus has been retained within the life and annuity funds.

This build up has been helped over the last two years by the appreciation in value of the freehold of 100 Wood Street, which was transferred from Hill Samuel and Co. to Hill Samuel Life Assurance during 1977 at £3.8m; its original cost to Hill Samuel.

This property has been transferred to the parent company at its current market value of £12.6m.

Sir Kenneth says that provision has been made for the liabilities that may arise in respect of a subsidiary property company, which is in the course of orderly realisation and, now that the process of building up reserves is largely complete, Hill Samuel Life Assurance is likely to resume dividend payments in the current year.

They state that based on the Hyde guidelines, the charge which would be required to reflect the impact of inflation, amounting to some 10 per cent in the March 31, 1979, year, on net disclosed group monetary assets, would be of the order of £3m.

As at balance date fixed assets are shown as £17.48m (£3.47m), investments at £48.09m (£29.93m) and current assets at £1.08bn (£1.03bn). Current liabilities were £1.04bn (£965.27m).

Electrocomponents up 32%—pays 5p final

THE DIRECTORS of Electrocomponents report record taxable profits of £10.02m for the year ended March 31, 1979, against £7.6m, a rise of 32 per cent. External sales rose the same amount to £44.41m.

At halfway profits had risen from £3.26m to £4.51m and the directors were confident that results for the full year would continue to reflect satisfactory progress.

The dividend total for the year is stepped up from an adjusted 2.52579p to 6.5p net per 10p share, with a 5p final payment.

Net profit came out at £5.39m compared with £4.34m, after tax of £4.63m (£3.26m).

The company manufactures and distributes electronic components.

● comment

A strong growth record, good preliminary figures, a very large jump in the dividend payout and reasonable prospects for the current year are not enough, it seems to stem the slide in Electrocomponents' share price. The shares came off a further 10p after the announcement to 443p. Electrical stocks outperformed the market during late 1978 and early 1979, but they have been coming back with the market recently. The immediate outlook for the share is not bright, although the company itself still looks interesting. It has closed down the loss-making Doram Electronics division and the newest member of the group, Electrospares, is doing well. The largest subsidiary, SR Components, had a tough December but it still managed solid growth. The historic pe is 18.2 and the yield is 2 per cent. A profit growth of around 25 per cent looks achievable, giving a prospective pe of 14.6 and a yield (assuming dividend rises in line with profits) of 2.6 per cent. It is likely that the shares will continue to edge nearer to market averages during the next few months.

Norfolk Capital

TAXABLE profits of Norfolk Capital Group, the hotel and property development concern, rose from £105,148 to £114,180 in the half-year to March 31, 1979, after increased interest of £312,324, against £238,412.

Mr. Maxwell Joseph, chairman, is confident of the full year result—last time the surplus advanced to £723,000 (£452,000).

He says it is difficult to assess the possible impact on the tourist trade of the recent air traffic disruption and fuel crisis, and also the VAT increase. But the group is well placed to meet such problems and, with reduced borrowings after the rights issue, there will be a lower interest charge in the current half.

Turnover for the half-year increased from £3.08m to £3.56m. Tax took £26,000, against £21,000.

As expected, the net interim dividend is raised from 0.3p to 0.5p on the increased capital. A total of 1.2p (0.9p) was forecast at the time of the rights issue. Earnings are shown as 0.67p (0.64p).

Profits of hotels, including rent and interest receivable, were ahead from £341,560 to £423,029, while share dealing and dividends receivable brought in £1,475 (nil).

The chairman says that, despite the bad weather and the unavailability of rooms because of renovations, the hotels obtained a satisfactory improvement in trading results.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
ACC	4.9	Oct. 1	3.83	8	6.61
Braid Group ......int.	0.56	Aug. 11	0.48	—	1.54
Brownlee	3.4	Aug. 16	1.77	4	2.3
Cawdaw	2.57	Oct. 1	2.46	2.57	2.46
CH Industrials	1.38	Aug. 30	1.25	2.2	2
Concrete Products int.	1	Sept. 28	*0.83	—	*4.17
Cronite ......int.	0.8	Aug. 31	0.8	—	2.66
Electrocomponents	5	—	*1.33	6.5	*2.53
Hickson and Welch Sec. int.	1	Aug. 31	—	—	3.86
Leopold Joseph	7.63	—	6.84	9.5	8.71
Lookers ......int.	1.4	—	1	—	3.74
Norfolk Capital ...int.	†0.5	Oct. 1	0.3	—	0.9
Plessey	3.65	Jan. 2	2.57	6.31	5.48
Redland ......2nd int.	4	—	2.13	6.55	4.22
Renold	7.55	Aug. 14	6.84	10.25	9.54
Stead and Simpson	2.05	Aug. 8	1.65	2.75	2.13
Whatlings ......int.	0.9	Sept. 28	0.9	—	2.87

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Final quarter spurt puts Plessey over £46m

TE ALMOST halved profit its main telephone ...ces and transmission side ...ntinuing losses in con... electronics, Plessey Com... nished the year to March 3, on taxable earnings 7.9 ...t ahead to £46.28m.

...e £3.37m advance £2.36m ...the final quarter. Sales 3.1 per cent better at ...for the year.

...group now plans to ...on its largest ever in... ...t programme costing ...compared with the £28m 1978-79, Sir John Clark, ...irman, said later.

...g the year overseas com... performed well with sales ...off in terms of their ...c currencies, up 12.2 per ...d 18 per cent respectively. ...r in sterling their sales ...unchanged at £231.1m and ...up 11.4 per cent at

...UK many of the trading ...ies performed well but ...reorganisation and a 700 ...in workforce to 3,400 ...ger Main Exchanges the ...red from £3.5m to £7.8m. ...ficit should be sharply ...n the current 12 months ...possibility of break-even ...second half.

...s also continued at Gar... ...it were reduced to £2.8m 5.1m, after a reorganisa... ...sting £4.2m, and involving ...than 1,200 cut in the ...force to 600.

...hn says the directors con... ...explore every alternative ...vide a solution of the ...at Garrard and a further ...n in the loss there is

...tax for the year of (£14.48m), group stated ...s per 50p share were ...gher at 4.13p in the final ...for a 1.41p rise to 13.05p ...e year. However, extra... ...losses down from ...to £2.86m left annual ...s after these items at (7.42p).

...final dividend of 3.645p ...p the total to 6.307p 3p).

...analysis of sales and ...ng profit, of £44.59m ...m), by activity shows in ...telecommunications — ...exchanges and trans... ...s, £147,300 (£174,500) 174 (£16,264): office, data and control systems, £104,900 (£67,300) and £9,065 (£7,511): electronic systems and equipment, £179,200 (£158,700) and £15,351 (£12,440): electronic components, £105,300 (£107,700) and £6,273 (£4,531); hydraulics, aerospace and engineering £92,700 (£81,500) and £8,075 (£5,303), and consumer electronics, £18,900 (£21,400) and £2,849 loss (£5,104).

Extraordinary debits comprise the cost of reorganising Garrard, disposing of several small business interests, and selling 50 per cent of the group's Nigerian company, offset by a £7.5m profit on the sale of ICL shares.

"These events reflect the company's policy of consolidation and elimination of extraneous activities outside the mainstream of the company's business," say the directors.

The sale of the ICL holding for £33.5m cash, followed the Board's decision that the future commercial activities of ICL and Plessey did not coincide and, in view of the low cash dividend return on the investments, it would be in shareholders' interests to reinvest the proceeds in "the new opportunities arising in our mainstream businesses."

Group profit includes £7.4m in attributable earnings of ICL to the date of the sale.

Plessey's balance sheet was considerably strengthened during the year and total debt has been reduced by £20.4m, leaving the debt/equity ratio down from 40.5 per cent to 30.5 per cent, the directors state.

	1978-79 £000	1977-78 £000
Sales	648,300	611,100
Trading profit	64,802	62,286
Depreciation	20,213	21,041
Operating profit	44,589	41,245
Share of assocs.	10,476	10,126
Interest receivable	2,201	1,749
Interest payable	11,018	10,310
Pre-tax profit	46,248	42,880
Tax	14,208	14,476
Net profit	32,040	28,404
To minorities	1,156	648
Extraord. losses	2,851	9,645
Attributable	28,033	17,511
Dividends	14,990	12,951
Retained	13,043	4,559

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: C.G.S.B., Lonrho, J. F. Nash Securities.

Finals: John Brown, Maurice James, Robert Moss, Rediffusion.

FUTURE DATES

Interims—

Dewhurst and Partner	July 13
Gough Cooper	July 5
Watson and Philip	July 17

Finals—

British Building & Engineering	July 12
Caird (Dundee)	July 4
Colmore Investments	July 4
Common Market Trust	July —
Cook (Wm.)	July 27
Humphries Holdings	July 4
Magnet and Southerns	July 17
Ropner	July 2
Routledge and Kegan Paul	July 5
Tollemache & Cobbold Brews.	July 6
Unigate	July —
United Gas	July 17
United Kingdom Property	July 6
View Forth Invest. Trust	July 5

Unilever payments on Aug. 1

ALL DEFERRED dividends will be paid by Unilever Limited on August 1. The balance amounts to 35p per ordinary share and will cost the company slightly under £79m.

The deferral of payments began in 1972, when the group agreed with the Treasury to declare dividends equivalent to those of Unilever NV, in accordance with the "Equalisation Agreement between the two companies, but to delay payment until regulations permitted under the UK's statutory dividend controls.

In addition, a change in ACT means that shareholders will receive an extra 0.4p per share for the 1978 year. Both payments will be to shareholders registered July 13.

Stead & Simpson keeps up pace in second half

FOLLOWING THE higher midway surplus of £1.47m, compared with £0.96m, further profits growth in the second six months enabled Stead and Simpson to boost its pre-tax figure for the year ended March 31, 1979, from £2.23m to a record £3.3m. Turnover rose by £6.36m to £28.57m.

Turnover and profits were split as to: Footwear retailing £17.27m (£13.95m) and £2.78m (£1.83m), and motor trading £11.6m (£8.56m) and £0.52m (£0.4m) respectively.

In the first 10 weeks of the current year, turnover has shown a 23 per cent increase for footwear trading and 25 per cent for motor trading.

Directors say the figures are encouraging, but point out that it is too early to make any forecast for this year, particularly because of the loss that will be incurred due to the company's inability to fully recoup from customers the VAT increase on its existing stocks.

After tax of £1.73m (£1.17m) and an extraordinary credit of £0.32m (£0.11m) on the disposal of properties, available profits rose from £1.17m to £1.88m.

Earnings per 25p share were 5.44p (3.88p). The 2.05p final dividend lifts the total by 24.46 per cent from 2.132p to 2.75p net—after adjustment to reflect the change in ACT rate. Payments absorb £0.79m (£0.61m).

The company has "close" status.

● comment

Stead and Simpson has had its best year for at least a decade, with profits showing a 48 per cent improvement. Against a background of buoyant retail trading, the footwear division surged forward. Apart from an element of trading up, the company was well prepared for the pre-Christmas upturn with a good supply of winter stocks. A net five new branches were opened and the retail footwear division's sales jumped by more that a fifth, with margins showing a near three point increase to 16 per cent. This was not the case with the smaller motor trading operation however, where sales were more than a third higher but margins were tight because of severe competition. In the current year both sides of the business experienced a substantial upturn ahead of the budget but it is still too early to gauge the impact of the sharp VAT rise on trading for the rest of the year. The historical p/e is around 9 at 52p while the yield is 8 per cent—a rating towards the top end of the sector.

Profit lift for Eldridge Pope

TAXABLE profits of Eldridge, Pope and Co., brewer, went ahead from £417,693 to £505,904 in the half-year to March 31, 1979, on turnover up from £5.77m to £6.24m.

The interim dividend is raised from 2.83p to 3.25p.

The pre-tax surplus includes extraordinary items of £146,981 (£69,541). The operating profits was down from £351,268 to £334,005 because of a near-25 per cent increase in depreciation and renewal charges from the substantial investment programme. This marks a modest improvement in trading profit—from £540,611 to £570,143.

Investment income was well up from £22,308 to £32,512.

Cronite ahead by 55%

A MORE buoyant market in the traditional nickel alloy business enabled the Cronite Group to substantially improve profits in the half year to March 31, 1979. The investment holding company lifted the surplus by 55 per cent from £153,000 to £237,000 on sales up from £3.7m to £4.05m. Pre-tax profits for the whole of last year totalled £263,000.

Mr. K. F. Ward, chairman, says although the free market price of nickel rose by more than 50 per cent in the past six months, the company is well placed to cover its commitments.

In addition, Mr. Ward points out that the half-year reflects the total closure costs of the Bedford operation. He adds that the group can look forward to continued improvement, without the diluting costs of loss-making operations, and that he is confident about prospects.

The net interim dividend per 25p share is pegged at 0.80437p. Last year the group paid a total dividend of 2.6606p.

The taxable surplus was struck after increased interest charges of £54,000 (£27,000).

CH Industrials £175,000 off

AS EXPECTED, production difficulties, the road haulage strike and bad weather have left taxable profits of CH Industrials behind at £624,000 for the year ended March 31, 1979, against a previous £799,000.

In January the directors revised their interim forecast of an overall improvement in results for the full year, saying that it would not be achieved—profits at halfway had fallen to £386,657 (£453,091).

They now say that since March 31 trading by the group as a whole, however, has shown an encouraging trend.

Serious production difficulties arose in the second half in the decorative trim division which led to it incurring a small loss for the year as a whole. Management changes within the division were effected and the production problems have now been resolved, the directors state.

And the effects of the road hauliers strike this January led to supply problems for the companies within the building products division which lasted for several weeks.

This, combined with the adverse weather at that time led, in particular, to a further loss being recorded by the paint company and hence a reduction in the expected profit contribution from the building products division, they explain.

Pre-tax figure for the year included a £63,000 contribution from the 21 per cent owned associate, Medfurn; profit for the previous year was struck after exceptional costs of £109,000.

	1978/79 £000	1977/78 £000
Turnover	14,683	12,873
Pre-tax profit	624	799
Taxation	115	70
Extraord. debit	†133	—
Available	476	729
Dividends	268	231
Leaving	208	498

† Loss on disposal of subsidiary of Medfurn.

In the light of the group's current trading conditions, the directors are recommending a final dividend of 1.375p lifting the total from 2p to 2.2p net per 10p share. Earnings of 4.18p (6.79p) per share are shown.

● comment

As late as December of last year C. H. Industrials was expecting profits above the previous year's £800,000, which suggests the final few months came out about £200,000 below budget. Strikes and weather cost at least £100,000, and the decorative trim division, where management changes have been made, did surprisingly badly, but a major problem has been the group's dependence on static markets, notably consumer durables. The paint division may come right at last this year and good sales of TR7 car-tops are expected but overall prospects are unexciting. The higher dividend, barely covered on a full tax-charge, indicates the company's own confidence (and bumps up the yield to 12.5 per cent) but, at 26½p, the shares trade on a stated p/e of six, suggesting only modest recovery.

Pension Fund Property outlook

AT THE present level of the market, and pending the introduction of changes by the Government, Mr. Cecil Baker, chairman of Pension Fund Property Unit Trust (PFPUT), says in his annual statement, it is difficult to be positive about the prospects for the future.

The pattern of rental growth, he states, may not be as buoyant in the near future as it has been in 1978. "On the other hand interest rates may continue to decline."

As known net revenue for the year ended March 25, 1979, rose from £6.03m to £7.64m.

Mr. Baker tells unitholders that the Trust's portfolio reached a value of £200m towards the end of the year: all sectors appreciated in value with the agricultural side rising by over 20 per cent.

The chairman announces that the Trust, in conjunction with the Grosvenor International Group, is to build up a modest investment portfolio in the U.S., and dollar currency exchange agreements, amounting to some £7.75m, have been completed.

Meeting, 68 Regent Street, W, July 19 at noon.

OIL AND GAS NEWS

Exmouth Plateau search gathers momentum

The deepwater oil exploration programme off Australias west coast will reach top pace early next month when the third dynamically positioning oil rig will arrive, reports Don Lipscombe from Perth.

Sedco 445 will drill for the Woodside consortium which is nearing the final stages of a decision on when to go ahead with its North West Shelf natural gas project onshore near the Exmouth Plateau.

The first well on the Exmouth Plateau, Zeewulf, drilled by Sedco 472 for the Esso-BHP partnership, was all but dry and the current two wells appear to have passed through the most prospective zones without finding commercial hydrocarbons.

With three of the world's most advanced oil rigs soon operating on the north-west coast, prospects of finding the scale of oilfield needed to justify development should soon become clear.

It has been estimated that for any discovery to be commercial on the plateau where water depths range from about 800 metres to more than 1,200 metres, pools of at least 500m barrels or recoverable oil must be found.

Roger Johnstone in Sydney adds: a drilling consortium, led by Philips Australia Oil, yesterday reported the first hydrocarbon show on the Exmouth Plateau.

A short note to stock exchanges from local partner MIM Holdings said that "log interpretations of Jupiter No. 1 well indicates a thin gas bearing zone from 1 905.5m." However, the statement added that "occurrence was not regarded as of commercial interest."

A spokesman for Philips said that no other finds had been made below this level because electric logs had not been run to check for gas. The well is presently at 2 470.5m.

Partners in the well apart from Phillips and MIM, are Mobil Oil Australia, BP Petroleum Development Australia and Australian Gulf Oil. Each partner holds a 20 per cent interest. Jupiter 1 is the consortium's first well.

* * *

Mesa Petroleum, the Texas-based operator of the Beatrice North Sea field, has farmed in with West Australian Petroleum (Wapet) with a 2,372 square km block in the Perth basin.

Mesa will drill one well to earn a 60 per cent interest in the Erregulla structure, where small amounts of oil and gas were recovered during swab tests of Jurassic sandstones before Wapet abandoned the well in 1966.

A 3,500 metre hole is planned in January, drilled by Oil Drilling and Exploration. Wapet participants are Ampol Petroleum, Cal-Asiatic, Texaco and Shell.

* * *

Endeavour Resources has detected hydrocarbon indications in the Mariut F2-1 well in Egypt.

The well as at 9,140 feet and drilling ahead. The hydrocarbon formation will be further evaluated using wireline logs when the well reaches total depth.

Partners in the well are Murphy Eastern Oil, as operator, Ultramar, Endeavour, AAR and Gulfstream Resources.

In the event of a commercial discovery interests will be Murphy Oil, 50 per cent, Ultramar, 25 per cent, AAR, 13.5 per cent, Endeavour, 9 per cent and Gulfstream, 2.5 per cent.

* * *

Test drillings by Japan's Teikoku Oil have revealed an inland natural gas deposit at Nagaoka, northern Japan.

No details were given by the company, but reports suggest that the deposit could produce 10,000 cubic metres of natural gas a day for at least five years.

Teikoku is to conduct two more test drillings this year to determine the extent of the deposit.

We could meet claims —Wm. Press

IT SHOULD be possible to meet any claims and costs from the prosecution mounted by the Inland Revenue "without undue difficulty," according to a note in William Press' annual report.

The group is defending the action being brought by the Inland Revenue. No provision has been made in the accounts, but Press estimates that the total potential liability on the charges would seem unlikely to exceed £2m. The group has cash of £15.4m in the balance sheet as at December 31, 1978.

Tansley Witt and Co., the auditors, qualify the accounts for the second year running on this tax dispute. They say they have "no present information which would lead us to disagree with the view of the company as regards any possible liability under the Taxes Acts." But they are unable to express a view as to the overall contingent liability in view of the "material uncertainty."

In his chairman's statement, Mr. W. A. Hawken says the group has continued to match the considerable achievements made over the past few years. Future growth depends to a large extent on the commitment of clients to further expansion and development.

Renold slips to £10.2m as demand remains depressed

WITH DEMAND flat for its products throughout the world Renold, the power transmission and machinery group, saw taxable profit dip from £10.36m to £10.2m in the year to April 1, 1979. Sales went ahead from £113.5m to £127.6m.

The directors say they do not expect any significant improvements in the economic climate in the coming year but with the benefits of rationalisation and streamlining they face 1979-80 with confidence.

At midway when the surplus was static at £5.08m (£5.04m) the directors warned that there was unlikely to be a major improvement in the second-half because of depressed demand. They then pointed out that the overseas companies, which had lifted trading profit, were benefiting from the 1977 reorganisation. UK trading surplus had then declined from £4.07m to £3.87m.

The Board now says that there was decline in the UK results—from £8.7m to £8m—which was more than compensated for the overseas operations, so that trading profit for the year rose 5 per cent at £13.64m.

The directors add that in the UK the demand problems were aggravated by disruption in the group's own production and hence purchasing schedules.

However, some countries fared better than others, and in the U.S. in particular, demand strengthened. Certain industries remained relatively buoyant, especially those associated with energy production.

The taxable surplus was struck after increased interest charges which rose from £2.61m to £3.45m and swallowed up the slight rise in trading profit.

After tax totalling £4.34m (£3.43m) the net profit comes out at £5.86m, against £6.93m.

But with an extraordinary credit of £875,000 (£57,000) and a substantially reduced exchange loss—from £1.64m to £3,000—attributable profits are up from £5.29m to £6.89m.

The net dividend per £1 share is lifted from 9.5446p to 10.25p with a final of 7.55p. Stated earnings per share are down from 17p to 14.9p.

The balance sheet shows group fixed assets at £59.3m against £63.41m. Net current assets are up from £56.7m to £63.9m, and bank overdrafts and advances are down from £7.3m to £4.7m in the UK, and from £8.2m to £7.3m overseas.

Relaxation of the "last in, first out" rules by the U.S. revenue authorities has enabled the group to revert to the "first in, first out" cost basis for consolidating U.S. subsidiary accounts while retaining LIFO for tax purposes. As a result of the change £882,000 has been brought in as an extraordinary credit.

• comment

Renold has continued to mark time in the second half. The overdraft was cut by around £3.5m, mainly from the sale of the Fenner stake, but the sharp jump in interest rates increased charges by a third, and this removed the gloss provided by the overseas companies. At home, the engineering sector continues to be sluggish but Renold did well to limit the trading downturn to 8 per cent, especially with so much competition around. In overseas markets, the strong pound did not help, nevertheless trading profits were almost a third higher. The push came mainly in Europe, particularly France, where reorganisation has helped the company to gain market share in chain products. It is clear that Renold will have to rely on its overseas interests to bail itself out of the doldrums for the foreseeable future at least. The shares jumped 12p to 110p where the p/e is 6.9. A 14.3 per cent yield provides the main attraction.

MINING NEWS

Diamond cutters for Botswana

BY QUENTIN PEEL IN GABORONE

THE BOTSWANA Government is about to sign an agreement with a major diamond-cutting concern to set up a pilot cutting plant in the capital, Gaborone, according to senior mining officials.

The agreement, with Mabrodiam of Antwerp, is the first major step by the Botswana Government in its policy of seeking to create more jobs from its lucrative diamond mining industry. Initially, it provides for a pilot plant employing 50 people, which officials hope will eventually build up to a total of some 500 employees.

The plan has not been greeted with particular enthusiasm in the mining industry, on the grounds that similar operations in Sierra Leone and Tanzania have not proved a success.

Industry executives point out that the diamond output of Debswana, the joint concern of De Beers Consolidated Mines and the Botswana Government, from the existing mines at Orapa and Letlhakene, and the expected output from the new mine at Jwaneng, is bound to be sold through the Central Selling Organisation in London. Stones to be cut will then have to be flown back to Gaborone for cutting.

A less controversial spin-off from the Jwaneng mine, which is planned to come into production by 1982, will be a considerable expansion of the existing diamond sorting operation in Gaborone.

Jwaneng is expected to more than double the diamond output of Botswana, producing at an initial rate of 3.5m carats a year, rising to 6m carats by the mid-1980s. Combined production of Orapa and Letlhakene will reach some 4.8m carats.

Good progress has been made at the Jwaneng site, where the new township authority was inaugurated this week. Stripping of the massive overburden of Kalahari sand—from 30 metres to 50 metres deep—should start by the end of the year. The first bulk sampling plant will be operational by March next year. Design work on the main plant has started.

The Pula 260m (£145.4m) project includes a new road to the desert site, an airstrip, and a new rail siding in Lobatse, on all of which work has already started. The mine will use water from a large underground aquifer some 50 kms away, and pipe-laying is ready to start.

There are already 500 employees of Debswana on site, and at least 1,000 employed by contractors. The mine will eventually employ 1,400 to 1,500 while at peak construction, the contractors will have a workforce of more than 2,000.

Officials say the operation is both on schedule and on budget. The Botswana Government has agreed to exercise its option to pay for a 20 per cent equity stake in the mine, which should raise its profit share to more than the 77.5 per cent it earns at Orapa.

In spite of such a large share passing to the Government, De Beers seems confident that the find will be lucrative enough to ensure it a good return on its investment.

BIDS AND DEALS

Another PMA expansion move—agreed £0.85m offer for Lebus

PMA Holdings, the fast-growing kitchen and bedroom furniture group, yesterday announced an £855,000 agreed bid for Harris Lebus, one of the oldest furniture manufacturing companies in the UK.

News of the deal comes only three months after PMA spent £5.2m in a major move into Do-It-Yourself and four and a half months after Lebus announced losses of £495,000 for the year to last October.

Mr. Malcolm Meredith, chairman of PMA, last night explained why he felt it was sensible to merge the two groups' interests.

In particular, PMA was anxious to acquire the Lebus brand name, which is one of the strongest in the furniture manufacturing trade.

Next, Lebus' strength in the lower- and middle-ranges of the £300m UK upholstery market would neatly complement PMA's concentration at the expensive end.

Furthermore, Lebus has recently moved into DIY products on its cabinet side and has an attractive mail order activity.

Details of the bid are ten ordinary shares for every 29 Lebus which at last night's PMA closing price of 115p values each Lebus share at almost 40p.

The directors of Lebus have given irrevocable undertakings to accept the offer in respect of holdings totalling 190,166 shares (8.8 per cent).

Mr. Meredith last night said there would be changes in Lebus' management after the merger.

He predicted that Lebus would break even in the current year to March 1980—after that he expected profits and margins to improve.

Mr. Oliver Lebus, chairman of Lebus who is to remain with the company, said the activities of both groups were complementary and advised Lebus shareholders to accept.

CARLESS/WEEKS EXCHANGE

Carless Exploration, a subsidiary of Carless, Capel and Leonard has reached agreement with Weeks Natural Resources (UK), a subsidiary of Weeks Petroleum Limited, on an exchange of licence interests.

Carless will exchange 10 per cent of its interests in its UK onshore exploration and production licences for a 10 per cent interest in 7 blocks in Texas and Louisiana.

SHEEPBRIDGE

The directors of Sheepbridge Engineering are "greatly optimistic" as to the company's future, believing that the market for internal combustion engines will improve further and that expansion plans put in hand a year ago will prove to have been "wisely conceived and timed."

But Lord Aberconway, chairman, in telling shareholders of this confident outlook, nevertheless recommends them to accept the take-over bid by Guest Keen and Nettlefolds. "Your directors believe that the offer places a value on a Sheepbridge share significantly in excess of the market value likely to be reached in the foreseeable future," he says.

CAI SALE

Cope Allman International has sold Cope Allman (South Pacific), its Fijian-based subsidiary, to Burns Philp (South Sea) Company for 1.7m Fijian dollars (just under £1m).

MORRIS & BLAKEY

A. G. Stanley's offers for the ordinary and "A" (non-voting) ordinary capital of Morris and Blakey have been declared unconditional as to acceptances, and remain open.

Acceptances have been received in respect of 1,347,842 ordinary shares (72.82 per cent), bringing Stanley's holding up to 90.19 per cent. Acceptances have also been received in respect of 805,667 "A" ordinary shares (70.22 per cent), giving Stanley 76.75 per cent.

Mt. Newman expands

A NEW A$85m (£44.1m) beneficiation plant has been formally opened at Mount Newman Mining's iron ore operation at Mount Whaleback in the Pilbara region of Western Australia.

The plant takes Mount Newman into the field of secondary ore processing and will provide each year a further 5m tonnes of high grade ore. The plant will treat a mixture of ore and shale material, which otherwise would be dumped.

The opening of the plant fulfils an undertaking given to the Western Australian Government in 1964 when state approvals were granted for the mine. The joint ventures agreed to start secondary processing at an annual rate of 500,000 tonnes by 1981.

The facility will be able, in fact, to treat 7m tonnes of material a year. Its commissioning brings to A$850m the total Mount Newman capital investment.

But the opening ceremony, performed by Sir Charles Court, the state Premier, took place against an inauspicious background. The whole of the Pilbara area was recently upset by the arrest of 10 trade union officials who were charged under a controversial state law forbidding the holding of public meetings without police permission.

This particular incident led to the declaration last week of a national day of protest and exacerbated labour relations in the Pilbara itself, where there were already pay disputes in progress.

These difficulties came as the marketing problems of the Western Australian iron-ore producers showed signs of easing. Amax, the U.S. group which manages Mount Newman, had already predicted that "shipments in 1979 are expected to be slightly higher than the record level attained in 1978."

The other partners in the Mount Newman joint venture are CSR, Broken Hill Proprietary, Selection Trust and Mitsui-C. Itoh Iron.

Near £28m valuation on Hardy

Harris Queensway, the carpet retailing and DIY group, has finally revealed the terms of its agreed bid for Hardy and Co. (Furnishers). The new offer values Hardy at £27.7m.

Harris Queensway's original bid last month valued Hardy at £25m but this was rejected by the Hardy board. Three weeks ago the two sides reached agreement in principle with only the details to be worked out.

The new offer is one ordinary Harris share plus 555p cash for every six Hardy ordinary and one Harris share plus 495p cash for every six Hardy "A" ordinary.

This values each Hardy ordinary share at 130p and every "A" ordinary share at 120p.

The new terms also include an alternative offer to the cash element in the form of an unlisted 10½ per cent unsecured loan stock of Harris, guaranteed by County Bank, the company's advisers.

County Bank is also making a separate cash offer of 210p per share for all or any of the Harris shares to which accepting holders in Hardy will become entitled.

A capital reconstruction of Hardy, to save expenses, is proposed.

H & C (INDIA)

Harrisons and Crosfield will ask shareholders to approve its Indianisation scheme at an EGM on July 19.

The Reserve Bank of India has told H and C that not more than 40 per cent of H and C (India) should be held by non-residents. Under the scheme H and C (India) would retain Rs88,000,000 as secured loan from its British parent free of interest. This will be repayable by two equal annual instalments.

JENKS & CATTELL RESISTANCE

Armstrong Equipment's £1.5m bid for Jenks and Cattell, the Wolverhampton engineering group, has been received in respect of only 3 per cent of Jenks and Cattell shares.

Together with the shares it already holds Armstrong now owns or has received acceptances in respect of 766,328 shares (34.53 per cent).

Last night Mr. Harry Hooper, chairman of Armstrong, admitted that his company might not receive sufficient acceptances (50 per cent) for the offer to go unconditional.

But he repeated an earlier statement that the bid would not be increased above its present level of 51p cash per share. There is a non-cash alternative.

LONRHO/SUITS

Lonrho has now received acceptances from just over 75 per cent of the number of SUITS shareholders to whom the offer was made.

This represents 67.85 per cent of each class of shares under offer, so that Lonrho now controls 97.09 per cent of each class of shares of SUITS. Lonrho's offer remains open until further notice.

U.S. ACQUISITION BY SMITHS INDS

Smiths Industries has bought Concord Laboratories Inc. of Keene, New Hampshire, U.S.

Concord makes and distributes disposable plastic medical products used principally in hospital and medical treatment.

Concord's products complement those of Portex, Smiths Industries' disposable medical products business.

ROTAFLEX

Rotaflex (Great Britain) is launching a new subsidiary—Rotaflex Home Lighting. After extensive market research, the group has decided to re-enter the domestic lighting market, which it last served some ten years ago.

SHARE STAKES

CCP North Sea Associates—Cluff Oil has bought a further 8,361 shares bringing its total holding to 135,438 shares (14.5 per cent).

Trafalgar House—As a result of sale of 100,000 shares on June 13 the Kuwait Investment Office has an interest in 13,670,500 shares of Trafalgar House (5.7 per cent).

Streeters of Godalming—Messrs. E. A. Streeter, N. J. Streeter and P. C. Mazzotti announce that as a result of completion of the purchase agreement with Costain Group their shareholdings in the company have been reduced to 256,034 (3.5 per cent), 541,189 (7.3 per cent), and 130,877 (1.8 per cent) respectively.

Capital & Counties hopes to boost dividend

A WORTHWHILE improvement in both investment and trading income of Capital and Counties Property Company during the current year, is forecast by Mr. Keith Wallis, the chairman, in his annual statement.

This should enable the directors to recommend a further substantial improvement in dividend payments, he states.

With the company's investment portfolio, development programme and trading activities, coupled with strong management and development teams, Mr. Wallis looks forward to the future with enthusiasm.

In the year ended March 25, 1979, taxable profit on the revenue account rose by £2m to £4.76m. Income from property investment was slightly lower, but this was substantially outweighed by the reduction in net interest payments from £4.32m to £1.14m.

A divisional analysis of turnover, £18.43m (£18.8m), and operating income, £7.42m (restated £7.97m), shows (with £000s omitted): property investment £10,632 (£10,052) and £6,101 (£6,703), housebuilding £6,083 (£8,751) and £685 (£1,154), property trading £1,715 (nil) and £662 (£21), and other £32 loss (£87 profit).

As a result of transactions relating to Europe and of the re-purchase of a further U.S.$6m nominal of the company's 9 per cent guaranteed bond issue, borrowings at the year-end had been reduced from £42.9m to £32.7m, of which foreign currency exposure represented £8.1m.

At balance date, there were cash and short-term deposits amounting to £15.6m (£14.9m) available to support the company's growing development programme.

During the year, the company re-entered the development and refurbishment market. A major refurbishment scheme at West Halkin House is nearing completion and negotiations are well advanced in respect of a shopping centre at Wakefield and an office development in Lewisham.

At March 25, the group had committed £2.28m (nil) for future capital expenditure, of which £1.64m had been authorised but not contracted.

Meeting, St. Andrew's House, SW, July 23, noon.

Northern Secs.

Northern Securities Trust has concentrated a major part of the funds invested in the UK in smaller companies, says Mr. R Hanning Philipps, chairman, in his annual statement.

He points out that in the UK investment has been running at an exceptionally low level, and with low productivity and high interest rates, the outlook for company profitability has been generally poor.

For this reason the company has concentrated on smaller companies with proven records, high returns on capital, and whose activities are less likely to be affected by a general turndown in corporate profitability.

BANK RETURN

	Wednesday June 27 1979	Increase + or Decrease — for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	23,814,402	— 4,076,199
Special Deposits	740,880,000	—
Bankers Deposits	452,387,279	— 24,621,285
Reserves & other Accounts	583 305,786	— 31,583,659
	1,814,940,467	— 60 280.143
ASSETS		
Government Securities	1,457,969,417	+ 63,593 015
Advances & Other Accounts	178,255,959	+ 14,713 995
Premises Equipment & Other Secs.	167,602,307	— 139,943,034
Notes	10,910,484	— 1,365,558
Coin	203,300	— 9 677
	1,814,940,467	— 60 280,143
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,225,000,000	+ 50,000,000
In Circulation	9,214,089,516	+ 48,634,442
In Banking Department	10 910,484	+ 1,365,558
ASSETS		
Government Debt.	11,015,100	
Other Government Securities	8,090,459,913	+ 196,602,761
Other Securities	1,123 524,987	- 146,602,761
	9,225,000,000	- 50,000,000

eopold Joseph dips it lifts payment

IDATED PROFITS of Joseph Holdings fell 3,274 to £468,427 in the March 31, 1979.

e company is lifting the vidend from 8.71p to et per £1 share with a 7.627p. Earnings per re shown down from 18.58p.

rectors say their con- in the group's future a higher payment.

bin Herbert, chairman, at that profitability of ney market operations by the rise in minimum ate from 6½ per cent at nning of the year to a per cent in February rough there was a fall cent by the year end. spite this, these opera- de a substantial profits ion, and the group has lly widened the services to customers.

ment banking opera- a successful year both n and Guernsey. The exchange department useful profits contribu- has the provision of at advice for a growing clients.

erbert says total assets fall from £81.98m to argely due to a reduc- e less profitable foreign lending.

hand at banks and call 22m (£17.37m) at the year-end.

	1979 £	1978 £
Net profit†	622,738	737,442
Loan stock interest	66,600	66,600
Minorities	67,711	117,568
Attributable	488,427	553,274
Dividends	249,772	228,953
Retained	238,655	324,321

† After tax and transfer to inner reserves.

Cawdaw hit by higher interest

AFTER HIGHER interest of £248,550, against £185,897, taxable profits of Cawdaw Industrial Holdings, textile and timber group, finished the March 31, 1979, year down from £435,563 to £400,072. Sales were ahead from £11.8m to £12.9m.

At the interim stage profits had risen to £152,000, compared with £101,000.

The dividend for the year is increased from 2.4579p to 2.5679p net per 25p share.

Net profits emerged higher at £301,629, against £273,739, after lower tax of £98,443 (£161,824). After an extraordinary debit of £13,338 (£15,469) and minorities £787 (same), the attributable balance came through ahead from £257,483 to £287,504.

Whatlings looks for recovery after £0.28m loss midway

AFTER A non-recurring loss of £120,000 on closure of Middle East operations, Whatlings turned in a taxable deficit of £280,000 in the half-year to March 31, 1979, compared with a £110,000 profit last time.

Full-year results will show a recovery, the directors say. But it is still too early to make an accurate forecast—in the last full year, profits were £362,000. They point out that group profits are normally earned during the second half.

The group has an adequate order book with a higher-than-normal proportion of private sector work and is ready to take advantage of improvements in market conditions.

The directors say that, although the building group has undertaken profitable contracts in the three years during which it has operated in the Middle East, prospects are much less attractive and accordingly it has been decided to withdraw from direct representation in the area.

In the period under review, the bad weather and strikes caused particular difficulty at a time when the industry world-wide is suffering from recession and reduced margins.

Turnover for the half year was lower at £8.05m, against £8.56m. The net interim dividend is maintained at 0.9p and again absorbs £36,000. Last year's total was 2.867p.

A total of £146,000 is transferred from deferred tax reserve, compared with a £57,000 transfer to reserve last time.

Lookers slips to £804,000

PRE-TAX profits of Lookers, motor vehicle distributor and engineer, slipped from £853,420 to £803,905 in the half-year to March 31, 1979, on increased turnover of £32.42m, against £27.69m.

At the annual meeting in March, Mr. R. E. Tongue, chairman, said the first four months' profits were higher. He now says the half-year results are satisfactory bearing in mind the transport strike and bad weather.

Results for April and May show a marked improvement, and he expects a satisfactory full-year outcome. Last time the taxable surplus reached £1.72m (£1.44m).

The net interim dividend is raised 40 per cent to 1.4p (0.99825p). Stated earnings are down from 9.6p to 5.7p.

Tax was higher at £377,835 (£139,107). As a result of the Budget, the charge includes £245,000 deferred tax after the withdrawal of 100 per cent first-year allowance on leased vehicles.

After an extraordinary debit of £2,979 (£7,584 credit), the attributable balance came through lower at £423,091, against £721,897.

The chairman says the car leasing operation has earned good profits and should continue to do well despite the recent tax changes. Pressure on profit margins in the BL Cars franchises has intensified.

The agricultural side has produced good results and its activities have recently been extended through the acquisition of Tipton and Morley.

KAREN ASPHALTE

A compulsory winding-up order made on Monday against Karen Asphalte Company has been rescinded by Mr. Justice Slade. The petition was dismissed by consent, the debt having been paid.

Mothercare on right track for solving U.S. problems

BY TERRY OGG

THERE WILL be no change in Mothercare's dividend policy for the time being, even though it means disappointing shareholders, Mr. Selim Zilkha, the group's chairman and managing director, said at yesterday's AGM.

He was replying to a shareholder who suggested the low yield (2.7 per cent) was holding the share price down, and who urged the Board not to linger too long on the question lest a new incomes freeze be imposed.

Another shareholder asked about the company's problems in the U.S. and Mr. Zilkha said that it was dealing with big losses ("not big in terms of the company but big in themselves") and relatively small sales.

"The sales increase of 32.9 per cent for the first 15 weeks, takes us nowhere," he said. "The increase is just on budget and I have already said in the annual report if we only stay on budget we will continue to make losses."

"We are on the right track but the trunround will take a little time."

He said that the problem was in the merchandising side of the operations and told shareholders that last year the company was selling jeans at US$4.25 a pair while Sears Roebuck was selling a nicer pair at US$2.99.

"We made a mis-judgment entering the U.S. market. We took too much UK merchandise but we are gradually switching to local sources and it's funny how receptive U.S. supplies are to our needs, particularly in view of our small turnover there at the moment.

He did not give an outline of overall prospects for the current year but did say that UK sales in the first 12 weeks were about 32½ per cent up on the same period last year and above budget. The U.S. sales were 32.9 per cent up while those in Europe, in the first 16 weeks, were almost 15 per cent ahead.

Folkes Hefo expects rise

Profits in January and February at John Folkes Hefo were £400,000 lower than those dugeted, due to external strikes and extremely bad weather, the chairman told shareholders at the annual meeting.

By the end of this month, however, the shortfall should have been recouped and, subject to unforeseen circumstances, the company should achieve record profits in the current year.

Braid down to £275,153 midterm

ALTHOUGH TURNOVER was better at £16.08m against £13.81m, taxable profits of Braid Group, motor vehicle distributor, declined from £339,246 to £275,153 for the half year to March 31, 1979.

With earnings per 5p share lower at 2.14p (2.49p), the net interim dividend is stepped up from 0.48p to 0.555p—last year's total was 1.5384p on £870,820 pre-tax profits.

After tax of £143,000 (£186,000) net profits for the six months were down from £153,246 to £132,153.

owniee ahead to £0.96m

recast, margins of and Co. improved in d half and the timber group lifted taxable £962,000 in the 53 weeks 31, 1979, compared with in the previous year. At he surplus was up from to £405,000.

A. Barns-Graham, chair- s the depression in the ctor of the construction continued throughout but there was a slight ent on the private side. and for home improve- d modernisation con- increase.

s that prospects for the ion industry remain un- ut they expect demand e improvements and ation to continue to

t dividend per 25p share from a total of 2.2966p h a final of 3.4p. Stated per share are well up adjusted 5.1p to 10.1p. es ahead from £19.04m to £21.31m trading profit was 55 per cent higher at £859,030. The company's share of the profits of Alliance Smurfit Cases (Scotland) fell from £211,000 to £116,000 and Burnbank Joinery Centre suffered a small loss in its first year. As a result associated profits were down from £213,000 to £103,000.

Tax on an SSAP 15 basis was down from an adjusted £401,000 to £246,000. Net profit came out at £716,000, against £365,000.

The company's land and buildings are being revalued and the directors expect this to throw up a substantial surplus.

	1979 (53 weeks) £000	1978 (52 weeks) £000
Sales	21,314	19,042
Trading profit	859	553
Associates	103	213
Profit before tax	962	766
Tax	246	401
Profit after tax	716	365
Extraord. credit	—	126
Available	716	491
Dividends	287	164
Retained	429	327

OD PRICE MOVEMENTS

	June 28	Week ago	Month ago
N	£	£	£
sh A.1 per ton ...	1,180	1,150	1,150
ish A.1 per ton ...	1,120	1,095	1,065
er A.1 per ton¶ ...	1,120	1,095	1,065
ER			
per 20 kg	14.22/14.37	14.22/14.37	14.22/14.37
lish per cwt†	81.65	81.65	81.65
ish salted per cwt†	85.10/87.70	85.10/87.85	85.10/87.85
SE¶			
per tonne	—	—	—
lish cheddar trad.			
er tonne	—	—	—
ie produced:			
ze 4	3.10/3.30	3.20/3.30	—
ze 2	3.60/3.80	3.50/4.20	—
	June 28	Week ago	Month ago
	p	p	p
tish killed sides			
-CF	64.0/68.0	64.0/68.0	59.0/63.0
forequarters	42.0/44.0	41.0/43.0	41.0/43.0
lish	66.0/70.0	66.0/76.0	82.0/96.0
PLs/PMs	50.5/51.5	50.0/52.0	51.0/52.5
weights	34.0/44.0	34.0/44.0	34.0/44.0
TRY			
n-ready chickens...	41.0/44.0	41.0/44.0	41.5/43.5

London Egg Exchange price per 120 eggs. † Delivered. vailable. ¶ For delivery June 30-July 7.

APPOINTMENTS

PUBLIC NOTICES

Government Contracts

Announcement by the Review Board

The independent Review Board for Government Contracts is now embarking on the third comprehensive General Review of the profit formula used for non-competitive Government contracts, in accordance with the agreement between the Government and the Confederation of British Industry.

The Board will take into consideration any written representations which are made to it before 31st October, 1979.

Issued by:
Binder Hamlyn,
(Secretaries to the Review Board for Government Contracts),
8 St. Bride Street, London, EC4A 4DA Tel: 01-353 3020

COMPANY NOTICES

NOTICE IS HEREBY GIVEN that the purchase fund, relative to Interedec Bermuda 9% notes due 1982, did not operate for the year ending June 1, 1979

Purchase Agent:
ARAB FINANCE CORPORATION SAL.

BANQUE EXTERIEURE D'ALGERIE

[illegible]

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS
FUEL COSTS

[illegible]

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
(F.M.C. AGREEMENT NO. 8770)

NOTICE TO SHIPPERS AND CONSIGNEES
BUNKER SURCHARGE

[illegible]

June 1979

NOTICE OF PURCHASE

OLIVETTI INTERNATIONAL S.A.
[illegible]

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

London,
29th June, 1979.

THE BRITISH STEAM SPECIALTIES GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books will be closed from 14th July 1979 to 28th July 1979, both dates inclusive.

By Order of the Board
R. D. THOMPSON, Secretary.

Fleet House,
Lee Circle,
Leicester.
26.6.79

TRAVEL

GENEVA. Basle Zurich and Berne, widest range of cheap flights from 4 UK airports. [illegible]

JET TO NICE, Corfu, Athens, Rome, Milan, Munich, Rhodes, Crete and many other destinations. [illegible] 2191. ATOL 369B. ABTA.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

For advertising details please ring
Stephen Cooper
01-248 8000 Extn. 7008

LEGAL NOTICES

IN THE MATTER OF SHIRECENTRE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 9th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 21st day of June, 1979.
K. D. GOODMAN, Liquidator.

This notice is purely formal. All known creditors have been, or will be, paid in full.

No. 001482 of 1979

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of NEWNHAM HOLDINGS (BEDFORD) LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 30th May 1979 presented to Her Majesty's High Court of Justice for the Confirmation of the Reduction of the Capital of the above-named Company from £100,000 to £30,000 by returning Capital which is in excess of the wants of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Slade at the Royal Courts of Justice, Strand, London W.C.2, on Monday the 9th day of July 1979.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated the Twenty-sixth day of June 1979.

BIDDLE & CO.,
1, Gresham Street,
London EC2V 7BU.
London Agents for:
SHARMAN & TRETHEWY,
1, Harpur Street,
Bedford.
Solicitors for the Company.

No. 001463 of 1979

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of MUNTON & FISON LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 30th May 1979 presented to Her Majesty's High Court of Justice for the Confirmation of the Reduction of the Capital of the above-named Company from £215,000 to £150,000 by returning Capital which is in excess of the wants of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Slade at the Royal Courts of Justice, Strand, London W.C.2 on Monday the 9th day of July 1979.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated the Twenty-sixth day of June 1979.

BIDDLE & CO.,
1, Gresham Street,
London EC2V 7BU.
Solicitors for the Company.

IN THE MATTER OF BALDWIN ELECTRICAL CONTRACTORS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of July, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of June 1979.
PHILIP MONJACK, Liquidator.

THE COMPANIES ACT 1948 TO 1967

JOHN MILLER (CLOTHING) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA, on Friday, the 6th day of July 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated the 20th day of June 1979.
By Order of the Board,
ALAN GOLDING, Director.

PIPELINES ACT 1962

NOTICE OF AN APPLICATION FOR PIPELINE CONSTRUCTION AUTHORISATION

Imperial Chemical Industries Limited (acting through its Mond Division) hereby gives notice, in accordance with the provisions of Part II of Schedule 1 to the Pipelines Act, 1962, that an application has been made to the Secretary of State for Energy for the grant of authorisation for the construction of a cross-country pipeline. [illegible]

PIPELINES ACT 1962

NOTICE OF AN APPLICATION FOR PIPELINE DIVERSIONAL AUTHORISATION

[illegible]

PIPE-LINES ACT, 1962

NOTICE OF AN APPLICATION FOR A PIPE-LINE DIVERSION AUTHORISATION

[illegible]

BRITISH PIPELINE AGENCY LTD., 65 KINGSLEY, Secretary.

29th June 1979.

METROPOLITAN BOROUGH OF SEFTON
VARIABLE RATE REDEEMABLE STOCK 1983

[illegible]

DONCASTER METROPOLITAN BOROUGH COUNCIL BILLS

£4,650,000 Bills were issued on 28th June 1979 [illegible]

CITY OF PORTSMOUTH

£1,100,000 Bills issued dated 29.6.79. [illegible] £1,100,000 Bills outstanding.

ART GALLERIES

[illegible]

Companies and Markets — CURRENCIES, MONEY and GOLD

Pound firm

Sterling rose to its best level against the dollar for nearly four years yesterday, as the U.S. unit lost ground against major currencies following the result of the Organisation of Petroleum Exporting Countries meeting in Geneva, and the latest U.S. trade figures.

These figures came as little surprise to the market, but were still regarded as poor, while the OPEC agreement also depressed the dollar.

The Bank of England may have intervened in a small way to support the dollar, but the heavy intervention came from the German Bundesbank and the Swiss National Bank.

The pound opened at $2.1700 and rose to $2.1770-2.1780 in early trading, before declining to $2.1595-2.1605 after lunch. It closed at $2.1685-2.1695 a rise of 1.30 cents on the day, and the highest closing level since July, 1975.

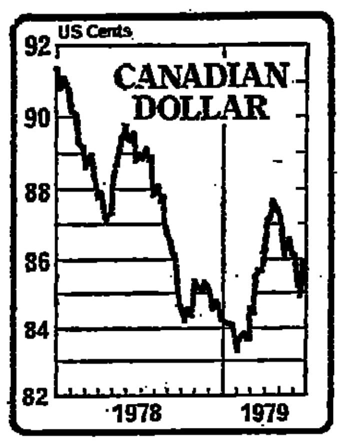
Sterling's trade-weighted index, as calculated by the Bank of England finished at its highest point since March 1976 at 69.4, compared with 69.0 previously, after standing at 69.3 at noon and in early trading. The dollar's index was unchanged at 85.0.

Heavy intervention by the Bundesbank kept the dollar unchanged at DM1.8445 against the D-mark. The Swiss franc was also little changed against the dollar, at SwFr 1.6550, compared with SwFr 1.6570 previously.

FRANKFURT — The Bundesbank bought 20m when the dollar was fixed at DM1.8462 against the D-mark, compared with DM1.8476 previously. The U.S. currency fell to a low of DM1.8318, but improved slightly on heavy intervention outside the fixing by the German authorities, and by a sharply lower West German trade surplus. The rise in the OPEC base price was lower than expected, and was seen as good for the dollar in the short-term.

BRUSSELS—The Belgian franc lost ground against other major currencies, falling close to its floor against the D-mark within the terms of the European Monetary System. The Belgian National Bank sold DM30m to DM40m to prop up the Belgian currency, although there seemed to be no reason for the sudden renewed weakness of the franc. It fell to BFr 16.0650 from BFr 16.0435 against the D-mark, compared with a lowest permitted level of BFr 16.0740. In terms of the dollar, the Belgian franc fell to BFr 29.6475 from BFr 29.6450.

TOKYO—The dollar fluctuated sharply in nervous trading, but showed little change at the close at Y215.65 against the yen, compared with Y216.35 on Wednesday.
fell to Y214.90, before touching a high point of Y216.50 in moderately active trading. The market lacked confidence ahead of the final outcome of the OPEC meeting, while the Tokyo summit conference had little influence on trading.



EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.4582	40.5124	+2.67	+1.76	±1.53
Danish Krone ...	7.08592	7.24927	+2.31	+1.39	±1.635
German D-Mark	2.51064	2.52235	+0.47	−0.45	±1.1325
French Franc ...	5.79831	5.83385	+0.61	−0.30	±1.35
Dutch Guilder ...	2.72077	2.77074	+1.84	+0.92	±1.5075
Irish Punt ...	0.662638	0.668415	+0.87	−0.05	±1.665
Italian Lira ...	1148.15	1137.40	−0.94	−0.94	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

June 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1595-2.1780	2.1685-2.1695	0.72-0.62c pm	3.70	1.92-1.82 pm	3.45
Canada	2.5170-2.5380	2.5285-2.5295	0.95-0.85c pm	4.27	2.05-1.95 pm	3.16
Nethlnd.	4.37½-4.41½	4.39¼-4.40¼	2½-1½c pm	5.78	6½-5½ pm	5.51
Belgium	64.05-64.45	64.30-64.40	30-20c pm	4.66	70-60 pm	4.04
Denmark	11.51-11.55	11.53¼-11.54¼	1ore pm-1ore dis	par	1½-½ pm	0.35
Ireland	1.0575-1.0600	1.0585-1.0595	0.45-0.55p dis	−5.67	1.40-1.60 dis	−5.67
W. Ger.	3.98½-4.02	3.99¼-4.00¼	3½-2½pf pm	8.62	8¾-7¾ pm	7.75
Portugal	105.60-106.40	105.70-106.00	30-80c dis	−6.80	100-200 dis	−5.67
Spain	143.10-143.70	143.25-143.35	80c pm-par	[illegible]	[illegible]	[illegible]
Italy	1,802-1,807	1,806-1,807	1 lire pm-1½ dis	−0.33	1 pm-1 dis	0.06
Norway	11.01½-11.10	11.07½-11.08½	2½-½ore pm	1.90	5½-3½ pm	1.58
France	9.23-9.29½	9.25¼-9.26¼	3½-2½c pm	3.56	8-7 pm	3.24
Sweden	9.24½-9.28½	9.27¼-9.28¼	2½-1½ore pm	2.26	6½-4½ pm	2.37
Japan	466-472	469½-470½	3.30-3.00y pm	8.05	9.30-9.00 pm	7.78
Austria	29.27-29.42	29.35-29.40	22-12gro pm	6.94	53-43 pm	6.53
Switz.	3.58-3.62	3.59¼-3.60¼	4¼-3¼c pm	12.56	12-11 pm	12.81

Belgian rate is for convertible francs. Financial franc 67.25-67.35. Six-month forward dollar 3.35-3.25c pm; 12-month 5.50-5.40c pm.

THE DOLLAR SPOT AND FORWARD

June 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1595-2.1780	2.1685-2.1695	0.72-0.62c pm	3.71	1.92-1.82 pm	3.45
Ireland†	2.0420-2.0485	2.0435-2.0475	1.50-1.20c pm	7.92	3.60-3.30 pm	6.77
Canada†	85.70-85.90	85.80-85.85	0.16-0.11c pm	1.16	0.11-0.06 pm	0.40
Nethlnd.	2.0250-2.0325	2.0300-2.0320	0.50-0.40c pm	2.66	1.22-1.12 pm	2.31
Belgium	29.55-29.65	29.62-29.64	2½-1c pm	0.71	5-3 pm	0.54
Denmark	5.3050-5.3200	5.3180-5.3195	1.45-1.95ore dis	−3.83	4.50-5.00 dis	−3.57
W. Ger.	1.8420-1.8450	1.8430-1.8440	0.76-0.66pf pm	4.62	2.00-1.90 pm	4.23
Portugal	48.80-49.10	49.00-49.10	25-45c dis	−8.78	80-130 dis	−8.57
Spain	66.00-66.18	66.05-66.10	7-17c dis	−2.18	30-40 dis	−2.11
Italy	831.25-833.25	832.60-833.00	2.50-3.50lire dis	−4.32	7-8 dis	−3.60
Norway	5.1040-5.1220	5.1050-5.1060	0.35-0.15ore pm	0.59	0.50-1.00 pm	1.63
France	4.2600-4.2755	4.2675-4.2725	par-0.10c dis	−0.14	0.15-0.35 dis	−0.23
Sweden	4.2650-4.2770	4.2755-4.2765	0.25-0.15ore pm	0.35	0.05-0.25 dis	−0.14
Japan	215.25-216.70	216.40-216.60	1.05-0.90y pm	5.40	2.65-2.50 pm	4.77
Austria	13.52-13.56	13.54½-13.55½	4.25-3.50gro pm	3.43	12.50-10.50pm	3.39
Switz.	1.6550-1.6600	1.6555-1.6565	1.37-1.32c pm	9.75	3.63-3.58 pm	8.72

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

June 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.596304	0.650039
U.S. $	9½	1.29219	1.56624
Canadian $	11¼	1.50669	1.59487
Austria Sch.	4½	17.5221	18.5331
Belgian F	8	38.3102	40.5124
Danish Kr.	8	6.86098	7.24927
D'mark	4	2.38864	2.52235
Guilder	7	2.62185	2.77074
French Fr.	9½	5.51765	5.83385
Lira	10½	1075.75	1137.40
Yen	4¼	278.729	295.955
Nrwgn. K.	7	6.61020	6.97124
Spanish Ptas.	8	85.3349	90.2197
Swedish Kr.	6½	5.51184	5.83385
Swiss Fr.	1	2.14736	2.26728

CURRENCY MOVEMENTS

June 28	Bank of England Index	Morgan Guaranty changes %
Sterling	69.4	−35.6
U.S. dollar	85.0	−8.4
Canadian dollar	81.0	−18.9
Austrian schilling	147.1	+19.1
Belgian franc	113.9	+13.1
Danish kroner	115.7	+2.7
Deutsche Mark	151.1	+42.5
Swiss franc	196.1	+83.9
Guilder	123.5	+18.7
French franc	99.4	−6.7
Lira	54.6	−49.0
Yen	133.5	+31.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 28	£	$		Note Rates
Argentina Peso	2626-2646	1305-1317	Austria	28½-29½
Australia Dollar	1.9310-1.9350	0.8900-0.8920	Belgium	66.20-67.20
Brazil Cruzeiro	54.82-55.82	25.28-25.74	Denmark	11.44-11.54
Finland Markka	8.43-8.45	3.8935-3.8955	France	9.17-9.27
Greek Drachma	78.355-80.000	36.15-36.90	Germany	3.98-4.03
Hong Kong Dollar	11.01¼-11.05¼	5.0920-5.0970	Italy	1,765-1,805
Iran Rial	150.13-163.60	72.75	Japan	465-475
Kuwait Dinar (KD)	0.594-0.604	0.2764-0.2767	Netherlands	4.34-4.44
Luxembourg Fr.	64.30-64.40	29.66-29.68	Norway	10.93-11.05
Malaysia Dollar	4.7010-4.7180	2.1670-2.1690	Portugal	102-106
New Zealand Dlr.	2.1415-2.1475	0.9875-0.9900	Spain	140-144
Saudi Arab. Riyal	7.28-7.36	3.3795-3.3815	Switzerland	3.50-3.60
Singapore Dollar	4.6950-4.7060	2.1660-2.1690	United States	2.16½-2.16½
Sth. African Rand	1.83-1.84	0.8440-0.8480	Yugoslavia	39½-42½

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.35 per cent; three months 10.45-10.35 per cent; six months 10.25-10.35 per cent; one year 9.90-10.00 per cent.

June 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¼-14¾	10¼-10½	9½-10½	6¼-6¾	⅛-⅜	5⅛-5⅜	8¼-9	25-35	10¼-10⅛	4-9¼
7 day's notice	14¼-14¾	10⅛-10⅜	9¾-10⅛	6¼-6¾	⅜-⅝	5¼-5¾	8¼-9	20-25	10⅛-10⅜	3⅝-4¼
Month	14⅛-14½	10⅛-10⅜	9⅞-10⅛	6-6¼	1¼-1½	5⅜-5⅞	10¼-10⅛	13¼-14¼	10½-10⅛	5¼-5⅞
Three months	14¼-14¾	10⅛-10⅜	10¼-10½	6¾-6⅞	1⅞-2	6-6⅛	10½-11	14-15	10¼-10⅜	5⅞-6¼
Six months	13⅜-13⅝	10⅛-10⅜	10⅜-11⅛	6¾-7⅛	2⅛-2⅜	6⅛-6⅝	11-11½	14½-15½	10⅛-10⅜	6⅛-6⅝
One year	13½-14	10¼-10⅝	10⅞-10⅞	6¾-7¼	2⅜-2⅝	6⅝-6⅞	11-11⅛	15-16	10¼-10⅝	6½-6¾

Long-term Eurodollar: two years 10-10⅛ per cent; three years 9⅞-10⅛ per cent; four years 9⅞-10 per cent; five years 9¾-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

June 28	Pound Sterling	U.S. Dollar	Deutschemark	Japan'se Yen 1,000	French Franc 10	Swiss Franc	Dutch Guild'r	Italian Lira 1,000	Canada Dollar	Belgian Franc 100
Pound Sterling	1.	2.169	4.003	469.8	9.263	3.590	4.398	1807.	2.529	64.35
U.S. Dollar	0.461	1.	1.845	216.6	4.270	1.655	2.027	832.9	1.166	29.67
Deutschemark	0.250	0.542	1.	117.4	2.314	0.897	1.099	451.5	0.632	16.08
Japanese Yen 1,000	2.129	4.617	8.520	1000.	19.72	7.643	9.361	3846.	5.384	137.0
French Franc 10	1.080	2.342	4.321	507.2	10.	3.876	4.748	1950.	2.730	69.47
Swiss Franc	0.279	0.604	1.115	130.8	2.580	1.	1.225	503.2	0.704	17.92
Dutch Guilder	0.227	0.493	0.910	106.8	2.106	0.816	1.	410.8	0.575	14.63
Italian Lira 1,000	0.554	1.201	2.216	260.0	5.127	1.987	2.434	1000.	1.400	35.63
Canadian Dollar	0.395	0.858	1.583	185.7	3.663	1.420	1.739	714.3	1.	25.44
Belgian Franc 100	1.554	3.371	6.220	730.0	14.39	5.579	6.834	2807.	3.930	100.

INTERNATIONAL MONEY MARKET

European rates firmer

The general move towards higher interest rates in Europe continued yesterday, partly reflecting concern felt over strains within the EMS, and the instability of the dollar. In Paris, call money rose to 8⅝ per cent from 8¼ per cent, an overall increase of half a point in only 10 days. Longer term rates remained firm, with one-month money at 8½-8⅝ per cent and three-month money at 9-9⅛ per cent. The six-month rate was quoted at 9⅜-9½ per cent with 12-month money at 9¾-9⅞ per cent.

FRANKFURT — Interbank money rates were generally firmer yesterday, with call money at 5.65-5.70 per cent, up from 5.55-5.65 per cent on Wednesday, and one-month rising to 5.85-5.95 per cent from 5.70-5.75 per cent previously. The three-month rate was quoted at 6.50-6.60 per cent against 6.45-6.55 per cent while six-month money remained at 6.80-6.90 per cent. 12-month money stood at 7.20-7.40 per cent against 7.25-7.35 per cent previously. There were no changes in policy after the Bundesbank council meeting although speculation in the market had lent towards some credit tightening measures after a further increase last month in the German money supply figures.

AMSTERDAM — Money conditions tightened considerably yesterday much in line with market expectations, and the official Dutch call money rate was raised from 6¾ per cent to 7½ per cent, having been cut twice in the previous week. The level now stands back at its pre-June 21 level.

In the interbank market call money rose to 7¼-7¾ per cent from 7-7¼ per cent, with one-month money also firmer at 8-8⅛ per cent compared with 7¾-8⅛ per cent. The three-month rate was unchanged at 8⅜-8⅝ per cent while six-month money stood at 9⅛-9¼ per cent against 9⅛-9⅜ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed little change yesterday, with one-month deposits at 9⅝-9⅞ per cent against 9½-9¾ per cent previously and three-month deposits at 9⅛-9⅞ per cent, unchanged from Wednesday. The six and 12-month rates were also unchanged at 9⅛-9⅜ per cent.

HONG KONG—Conditions in the money market were easy yesterday with call money at 10½ per cent and overnight business dealt at 8 per cent.

GOLD

Sharp fall

Gold fell $4½ to close at $27[illegible] $277¾ after a hectic day. [illegible] opened at $281½-282¼, and wa[illegible] fixed at $281.30 in the mornin[illegible] and $275.90 in the afternoon. Th[illegible] afternoon fixing was very lon[illegible] and as selling pressure increase[illegible] the metal fell to a low point [illegible] $275-275½.

In Paris the 12½ kilo gold b[illegible] was fixed at FFr 40,500 per ki[illegible] ($295.00 per ounce) in the afte[illegible]noon, compared with FFr 40,7[illegible] ($297.20) in the morning, a[illegible] FFr 40,950 ($297.23) Wednesda[illegible] afternoon.

In Frankfurt the 12½ kilo b[illegible] was fixed at DM16,635 per ki[illegible] ($280.37 per ounce) compare[illegible] with DM16,715 ($281.14) previously.

	June 28	June 27
Gold Bullion (fine ounce)		
Close	$277-277¾ (£127.70-128)	$281½-282 (£130.6-130.[illegible])
Opening	$281½-282¼ (£129.8-129.95)	$280¼-281 (£130.2-130.[illegible])
Morning fixing	$281.30 (£129.482)	$281.00 (£130.419)
Afternoon fixing	$275.90 (£127.319)	$281.80 (£135.633)
Gold Coins, domestically		
Krugerrand	$283¼-285¼ (£131-132)	$289-291 (£134-135)
New Sovereigns	$71½-73½ (£33-34)	$73½-75½ (£34-35)
Old Sovereigns	$87½-89½ (£40¼-41¼)	$88-90 (£40¾-41¾)
Gold Coins, internationally		
Krugerrand	$284¼-286¼ (£131-132)	$289-291 (£134-135)
New Sovereigns	$71½-73½ (£33-34)	$73½-75½ (£34-35)
Old Sovereigns	$87½-89½ (£40¼-41¼)	$88-90 (£40¾-41¾)
$20 Eagles	$393-398	$400-405
$10 Eagles	$220-225	$224-229
$5 Eagles	$157-162	$159-164

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills and a small number of local authority bills, all direct from the discount houses. This was in addition to a moderate amount lent to five or six houses at MLR, for repayment today. Total assistance was termed as very large. Discount houses were paying 13¼-13½ per cent for secured call loans at the start with closing balances taken anywhere between 11 per cent and 13⅞ per cent.

The market was faced with the unwinding of a previous sale and repurchase agreement of a moderate amount of Treasury bills as well as a very small net take up of Treasury bills to finance.

On the other hand banks brought forward balances a small way above target and there was a small decrease in the note circulation.

In the interbank market overnight loans opened at 14-14¼ per cent and rose to 14½-14¾ per cent before coming back to 14-14¼ per cent, around lunchtime. At one point during the afternoon rates touched 14-14¼ per cent but fell back to 7-8 per cent, with closing balances taken in the region of 11 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 28 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	7-14⅝	—	—	—	14-14¼	11-14	—	—	—
2 days notice	—	—	14-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14¼	14-14¼	—	14⅝	14½	13⅞-14	—	—	—
One month	14⅛-13⅞	14⅛-14¼	14-14⅛	14½-14¼	14⅝	14⅝	13⅞	13⅓	14	14⅝
Two months	14-13⅞	14-14⅛	—	14⅛-13⅞	14⅛	14⅝	13¾-13⅞	13⅞-13⅞	13⅞	14⅝
Three months	14-13⅞	13⅞-14	13⅞-14	14-13⅞	14¼	—	13⅝-13¾	13⅞-13⅞	13⅞-13⅞	14
Six months	13½-13⅞	13⅞-13⅞	13⅝-13½	13-12⅝	13¾	—	—	—	12⅞-12⅞	14
Nine months	13⅛-12⅞	13-13⅛	—	13⅛-12¾	13½	—	—	—	—	—
One year	12⅞-12⅞	12¾-12⅞	12⅝-13	13-12⅝	13¼	—	—	—	—	—
Two years	—	—	12¾-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 13-13⅛ per cent; five years 13-13¼ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate fo four-months bank bills 13⅝ per cent; four-months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bill 13 5-64ths-13⅛ per cent; two-months 13⅛-13⅛ per cent; three months 13⅛-13⅛ per cent. Approximate selling rate for one-month bank bills 13⅞-13⅞ per cent; two-month 13⅞-13⅞ per cent; and three-month 13⅞-13⅞ per cent; one-month trade bills 14½ per cent; two-month 14⅛ per cent; and three-month 13⅞ per cent.

Finance House Base Rate (published by the Finance Houses Association) 12 per cent from June 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2562 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.[illegible]
Fed Funds	10.625
Treasury Bills (13-week)	8.84
Treasury Bills (26-week)	8.83

GERMANY

Discount Rate	4
Overnight Rate	5.675
One month	5.90
Three months	6.55
Six months	6.85

FRANCE

Discount Rate	9.5
Overnight Rate	8.375
One month	8.5625
Three months	9.0625
Six months	9.4375

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.50
Bills Discount (three-mth.)	5.[illegible]

Mining investment: Australia's widening door

FOR THE past few years big new mining investment has been virtually at a standstill. The two basic reasons have been the depression in base-metal prices and the lack of any guarantee of security for capital invested in mining ventures in the developing countries. On the second point, it should be appreciated that the lead time to production of a major mining operation can be anything up to eight years.

Despite a great deal of thought and talk on the subject, no solution has yet been found to the problem of security of capital in developing countries. As far as the depression in base-metals is concerned, this has ended and during the past 12 months or so their prices have made a good recovery. But now the steam has gone out of markets, as they wait to see where the next impetus in demand is coming from.

Many observers take the view that in spite of the oil crisis and the danger signals that it is sending out to the world economy there could still be a strong demand for metals in the mid-1980s. In the absence of major additions to existing mineral production capacity, this demand could result in a runaway rise in metal prices until new mining capacity can be brought on stream.

There is thus a case for pursuing urgently new mining development in the politically stable areas. Of these, Australia is an obvious target with its undoubtedly huge mineral potential, large reserves of non-oil energy sources such as coal and uranium and a ready export market in the Pacific Basin.

Unfortunately, Australia also has an unenviable record of labour unrest which shows no signs of improving, and on the economic front there are rising interest rates and a declining currency. Furthermore, there are lingering memories of the country's previous administration under the Labor Party which produced policies that hardly encouraged overseas investment in mineral development.

Because of the latter, total annual British investment in Australia dropped to an average of A$160m during the three years of Labor budgets there in this decade from a previous level in the 1960s of around A$260m—or 40 per cent of the country's total private capital inflow. Has the investment climate changed since 1975?

Since it first entered office three-and-a-half years ago, the Conservative Liberal and National Country Party government has progressively relaxed its restrictions on foreign investment. Recently, amidst tentative signs of recovery after five years of economic recession, and increased overseas interest in local coal, uranium and bauxite deposits, the doors have opened wider. Indeed, British investment has risen to over A$360m a year.

Australia's desire to promote local participation in foreign-owned enterprise remains unchanged, but there is a more flexible approach. A framework has been introduced which allows for the voluntary "naturalisation" of foreign-owned companies over a period of time.

Stockpiling of iron ore at Port Dampier in Western Australia.

The Government began by requiring 51 per cent local equity in any mining project, and with a policy of encouraging overseas-owned operators to sell off at least part of their holdings to the Australian public. Two years later, with no sign of a major new project starting up, Government Ministers emphasised that the rules would be administered "flexibly" if no local money was available, and if the project was in the "national interest," it could proceed.

A case-by-case approach became effective policy, with the major exception of uranium, where an inflexible 75 per cent local rule was applied.

Last July, after some bitter infighting between senior executives of local and foreign-owned mining concerns, the Government announced a liberalisation of the rules, and the principal beneficiary was Conzinc Riotinto of Australia, whose majority shareholder is Riotinto-Zinc of London. Under this policy, a company is regarded as "Australianised" provided there is at least 25 per cent local equity, it has entered into a formal agreement with the Government to raise this progressively to 51, and there are a majority of Australians on its board, with effective local management and control.

CRA, with 33 per cent local equity, and having fulfilled the other requirements, is now "Australianised." The principal advantage of this new corporate status is that it can enter into joint venture arrangements with other companies, even if they do not have a majority local equity, providing they, too, have fulfilled the same conditions.

The big minerals group made a rights share issue earlier this year in which the London parent did not participate, with the result that public ownership of CRA has risen from 27.4 per cent to 31.8 per cent on the way to an eventual 51 per cent.

Another move designed to encourage Australian ownership of natural resources has just been announced by London's Selection Trust group. In essence this means putting the group's existing Australian interests into a new Australian company, Seltrust Holdings, which will become a vehicle for the UK group's future development in Australia.

The plans include an offer of shares to Australian investors and will have the effect of giving them some 21 per cent of the newcomer. Seltrust Holdings will have the right to participate in 75 per cent of the group's exploration activities in Australia and the subsequent mining developments. So further offers of equity to Australians can be expected in the future.

Earlier this month, the government liberalised its restrictions on foreign investment in Australian uranium, which accounts for about a fifth of the known cheap recoverable reserves in the Western world.

Under the new policy, the three-quarters rule may be waived when the local capital is not available, when the project is of "significant economic benefit to Australia," and if locals retain the major say in determining project policy.

The first beneficiary is Australia's Western Mining, which is partnered by Esso and Urangesellschaft of Germany in the Yeelirrie uranium venture in Western Australia. It is now hoped that a similar approach will be adopted for the big Jabiluka uranium deposit in the Northern Territory which is 35 per cent owned by the U.S. Getty Oil with Australia's Pancontinental holding the remaining 65 per cent.

Outside opinion is not overwhelmingly enthusiastic about Australia at the moment, certainly as far as portfolio investment is concerned. But the new realism towards the overseas mining companies that is emerging—"a complete change of heart from five years ago"—is welcomed in London.

It may well bring a new surge of overseas investment in Australian mineral development, particularly from the cash-rich oil majors which are already active in the coal scene there.

But the catalyst needed for any major new investment drive may still be a resumption of the rise in metal prices, whatever may be said about them having plenty of time to come right during the long lead period to new mine production.

HONG KONG'S TEXTILES AND GARMENT INDUSTRY

Steaming away from the sweatshop image

BY RHYS DAVID, RECENTLY IN HONG KONG

SAN'S Clothing Factory in Kowloon is not what most people would expect of a Hong Kong garment operation. Like many other factories, it is housed in an undistinguished block issuing directly on to a congested side street crammed with delivery vehicles. Inside, however, the 1,400 workers on a dozen floors are working in air-conditioned surroundings which would hardly discredit many European garment factories. Output flows between and along the floors according to systems devised by German production engineers, and the labour force, most of it female, is working with the latest Japanese sewing machines.

The products are mainly shirts—300,000 a month, mostly for Germany, but including some for the UK and other markets. San's customers include several big shirt names in Germany; in the UK Burton, Debenham and British Home Stores; and in the U.S., Arrow, Eterna and Jockey. The company also makes trousers, anoraks and leisurewear, again mainly for Germany, and is producing 120,000 blouses a month, some in pure silk, which will retail for more than DM 300 in Germany.

San's, part of one of Hong Kong's biggest textile groups, Winsor Industrial, is by no means typical. The bulk of Hong Kong's output of clothing comes from much smaller factories, and in some textile finishing plants the combination of hot-air drying of fabrics with an external temperature of 90 degrees still gives some meaning to the phrase sweatshop.

But if San's is an exception in some ways, it remains typical of the way in which much of Hong Kong's textile and garment industry—representing roughly 45 per cent of the colony's exports and industrial employment—is going. The "Empire Made" label, which once secured access to the British market, has long since disappeared and manufacturers are now much less reluctant to brand their goods, "Made in Hong Kong."

"As happened earlier in the case of Japan, the colony's products are now accepted as good quality in Western markets," Mr. Cecil Chan, director of the Federation of Hong Kong Industries, points out.

The move up-market that is now taking place, bringing the colony into much closer competition with products made in Europe, has been Hong Kong's response to a number of pressures, particularly from quotas. Import restraints now apply to most of Hong Kong's exports to its two main markets—the EEC and the U.S.—and within the past two years these have been extended considerably. Under a bilateral agreement signed with the EEC when the GATT Multi Fibre Arrangement was renewed in 1977, Hong Kong was limited to an overall growth of 6 per cent in exports per year, but was forced to reduce its shipments of some products—a restriction which manufacturers in the colony still regard as unjust and a penalty on their efficiency.

With volume growth restricted, manufacturers have sought to maximise the value of their quotas by producing higher quality goods selling at higher prices. In this they have been actively encouraged by the big Western buying groups for whom it has made sense to turn to other, less-skilled suppliers for simpler and cheaper garments—such as tee shirts—leaving Hong Kong with its 20 years of accumulated experience in garment-making to handle their more sophisticated requirements.

Costly fabrics

At shirt factories like San's this has meant a move into more expensive fabrics and European standards of finish. In knitwear, too, there has been a switch into higher-quality yarns and fashion designs with extra trim. Whereas ten years ago Hong Kong's knitwear was mainly Shetland wool-type garments, much of it is now lambswool and even angora, cashmere and fur blends. The textile sector has shrunk in size and now employs around 70,000, compared with 240,000 in garments.

The other main pressure which has persuaded Hong Kong to adopt this strategy is its now rising cost structure. Though textile wages by European standards are low—one quarter of those of similar operators in the UK and one ninth of those in Germany—they have been rising and are substantially ahead of those in Hong Kong's main competitors in the Far East. In Asia as a whole, Hong Kong's wages are now second only to Japan and they are half as much again as South Korea, another major textile exporter.

In San's, for example, the average wage for a female worker is about HK$1,000 a month (£100) and rates in other textile factories seem also to be in the range of HK$900-HK$1,200. Tax rates are low or do not apply in the case of families, most of which have several wage earners, and the cost of many basic items—transport, rice and clothing among them—is low. Average earnings have risen by around 60 per cent since 1974, and there is now strong competition for labour from other sectors of Hong Kong's buoyant economy, with some estimates putting the labour shortage as high as 100,000 in manufacturing.

Competition

Wages in textiles are now increasingly having to keep pace with those which men can obtain in the many construction industry projects going ahead in Hong Kong, including the new Mass Transit Railway, while the growth of service employment, the result of a hotel-building boom and rapid expansion of the financial sector, is creating attractive new jobs for women at high rates of pay. Though abuses undoubtedly do still occur, exploitation of labour, the charge frequently levelled at Hong Kong's garment sector by UK unions and employers, has become more difficult to practise.

Companies, too, have had to resort to various incentives to encourage workers to stay and to persuade them to bring along recruits. At Soco Textiles, in one of Kowloon's new industrial areas, fringe benefits now include free transport to work, factory shops, medical assistance, and organised outings on holidays (now set at a statutory ten days a year).

Thus, with wages set on a rising path and as workers come to expect a continuation of the steady increase in living standards, Hong Kong would find it difficult, even if it wished, to compete in lower-priced garments. The new burden placed on the economy as a result of the inflow of refugees has merely added to the need to concentrate on higher margin products capable of generating a higher return.

It is a strategy which is so far proving successful, with garment exports last year rising by around 7 per cent in volume and 13 per cent in value, and with sales overseas in the first three months of this year showing a more dramatic rise of 30 per cent by value. Yet the success of Hong Kong's textile sector—itself the great Chine conundrum as far as Weste manufacturing rivals are co cerned—perhaps poses the ma threat to the industry, as tl major groups now realise.

The garment industry growth has been based on tl simple but effective formula being able to produce exact what the West wants on tim and it is this which persuad the big buying groups to ke returning, sometimes in spite somewhat higher prices th elsewhere in the region.

In knitwear, for examp buyers from the West desce once or twice a year on the Hong Kong associates wi sketches of garments they wa produced or with a garme they want modified. "Ho Kong's stock-in-trade is bei able to come up very quick with samples and then mo quickly to bulk productio Mr. Oliver Nicholl, director Hilwin Enterprises, points ou Hong Kong companies ha also been adept at moving ve quickly into expanding are and out of declining ones.

Last stand

The latest moves up-mark however, are taking the colo into the high quality are where the garments industri in the developed countries ha themselves decided to ma their last stand, and pressu for further restrictions cou build up, particularly if serious slowing down of wor trade follows the present shortage. The U.S. has alrea returned to ask Hong Kong f a review of quotas made at t time of the MFA renewal, a Hong Kong's buoyant exports Britain seem certain to provo concern. "The textile indust fears that protectionism w spread against a background low world economic growth a that it will not be allowed participate when growth do resume," Mr. William Brow chief manager of the Charter Bank in Hong Kong observes.

The industry's response the problem of labour shorta will also be crucial. The arriv of around 200,000 Chinese a Vietnamese refugees this ye so far has created a potenti new source of labour but the are difficulties, some firm claim, in motivating immigran from Communist countries reach the required levels productivity and quality.

One solution to both tl quota and labour problem likely to be the creation further satellite manufacturi operations overseas, a proce already underway. Hong Ko capital is already behind ve tures in Macao, Malaysi Singapore and other nearb states, and moves have bega to further afield, to Sri Lank Mauritius, and even Lati America.

It seems likely, too, th Hong Kong will eventually wa to tap the labour pool availab in China, which is already major supplier of certain typ of fabric, including corduro the current fashion fabric, Hong Kong.

Some firms are also seeking t reduce their reliance on the co tract trade by developin designs of their own, thoug there is disagreement o whether or not the colony ca ever hope to become a fashio centre in its own right.

The industry is also awar that it has too many of its egg in too few baskets, with no les than 70 per cent of all garmen exports last year going to th U.S., Germany and the UK. Th pattern of sales reflects the fa that these are still the mo open markets internationally — despite the controls they operat — and the countries with th most developed retail network Efforts are being made to pr mote sales elsewhere and Japa —which last year took only 3. per cent of Hong Kong's ga ment exports, slightly less tha Canada—is seen as a prim target.

But although the colony developing new areas of expe tise and new markets, th dominance of the sector withi its overall manufacturing ba is a cause of some concern, ar efforts are continuing to develo other sectors. The report of special committee on diversific tion is expected in Septembe and is expected to recommend search for more inward inves ment, with the Trade Develo ment Council, which already ha branches throughout the worl playing an important role. Th colony is likely to be looking, i particular, for high-technolog companies which can separat out part of their production fo location in Hong Kong.

The problem in the past ha been that textiles has continue to grow as fast as all other se tors of the economy, despite th restraints put on it, and as result has stubbornly mai tained its near 50 per cent shar of exports and employment Whether this will prove to b the case yet again depends o whether the various constraint textile manufacturers now fea do emerge. On past evidence however, there is clearly a goo chance that the next decade wil see textiles and clothing adapt ing very sucessfully yet again t world trading conditions.

TH AMERICAN NEWS

)C-10 groundings give 'WA sharp profits boost

OHN WYLES IN NEW YORK

UGH the grounding of ...-owned and operated ... is putting considerable on the domestic airline ... it is also bringing large gains estimated at $4m to one of its financially carriers, Trans World

... six trunk airlines and ...ely charter carriers are ... o their fourth week of ...ns, without the DC-10, heading for a bumper quarter because the ...ng is the second chance within the last three to work to its advan-

...trike which shut down Airlines, the largest ... carrier, in April and ...rought TWA a huge in traffic at a time when aggressively expanding ...city. This is believed to ...ied something like $27m ...'s operating profit in ...d comparable gains in

...t is one of TWA's main ...tors and its vigorous bid ...ack market share from ...nning of June has been ...d by the grounding of its 37 DC-10s since June 6, effectively removing 23 per cent of its seating capacity.

By completely revising its schedules and using other aircraft more intensively, United has reduced its capacity shortfall to 14 per cent, but it has not been able to accommodate the thousands of passengers who are now flying TWA. Nevertheless, substantial ticket discounts and a three-week coupon promotion scheme which will enable United travellers to buy tickets at 50 per cent of normal price between July 1 and December 15, has ensured that the depleted fleet has been operating at full capacity. This brings substantial profit gains on existing flights which will go some way towards offsetting the costs of the grounding.

TWA is also gaining from the dependence of its other main rival, American Airlines, on 30 DC-10s for about 20 per cent of its seating capacity.

The estimate of an additional $4m a week in TWA's operating profits has been produced by Mr. Robert Joedicke, airline analyst at Lehman Brothers Kuhn Loeb.

"It seems that TWA is gaining roughly 12m revenue passenger miles per day because of the DC-10 grounding. This is generating about $5m a day added revenues and $4m a week operating earnings allowing for variable costs," he said yesterday.

TWA lost $60m in the first quarter and might have been heading for a $40m loss this time.

Meanwhile, the other trunk airlines affected by the grounding have, like United, cancelled services and revised their schedules to cope with the grounding. National Airlines and Continental Airlines have been forced to pull out of some routes altogether.

While DC-10s number only 16 out of National's 56 strong fleet, they accounted for about 50 per cent of its total capacity. The airline has put all its resources into maintaining its east-west routes between Florida and California and has ceased operations between New York and Miami and New York and Fort Lauderdale where Delta and Eastern Airlines have the capacity to take up the slack.

GM INVESTMENT IN BRAZIL

The shift towards multi-fuel engines

BY RIK TURNER IN SAO PAULO

IN A general discussion of the investment by General Motors of $500m in its Brazilian subsidiary, Mr. Joseph J. Sanchez, president of GM do Brasil, said that there had been "a shift in priorities, so that today the customer sees his trip to the petrol station as more important than the durability of the engine."

This view was behind the company's decision to stop production of its long-lasting but thirsty diesel engines at its Detroit Diesel Allison do Brasil plant at São Jose dos Campos in the State of Sao Paulo. The move, announced last week by Mr. Elliott W. Estes, president of the corporation, caused great concern at the plant in question, where the 1,200 employees began to fear unemployment.

However, Mr. Sanchez explained that this was not the case. Although some national newspapers had spoken of a new factory to be built for the production of the multi-fuel engines for GM's "world car," to be launched by 1982, the engine will in fact be built at the Sao Jose plant, after a conversion period.

As many of the company's present employees will be absorbed by the new production process as possible, according to Mr. Sanchez — the present labour force will eventually be doubled—and GM do Brasil has undertaken to find alternative employment for the rest.

While the engine for the new "world car" will be produced at the deactivated DDAB (Detroit Diesel Allison do Brasil), the car itself will be manufactured at the company's factory in Sao Caetano do Sul, in Sao Paulo City's industrial zone.

"The only parts which will have to be imported," Mr. Sanchez went on, "are the transaxle—the new car will be rear-wheel drive — and the forward trailing axle." These are not produced at present in Brazil, and the economics of scale which must be practised in order to do so cannot be implemented at this stage. Thus they will come from the U.S. and Japan.

The new engine will have an initial production rate of 330,000 per year with between 230,000 and 250,000 being exported, primarily to Germany and the UK. GM's German plant will also be producing the new engines, along with Australia and Japan. A slice of the European market was deliberately left for GM do Brasil when the operation was planned. The main reason for this is the Brazilian Government's programme of generous import-facilities to companies undertaking to export a given amount in a given time. The car industry has taken most advantage of the system, and in GM's case, the commitment was for the export of $1bn in the period 1976-86.

> 'Today, the customer sees his trip to the petrol station as more important than the durability of the engine'—Joseph Sanchez, president of GM do Brazil.

In Brazil, GM currently produces lorries of up to 12 tonnes, with the option of petrol or diesel engines. By far the more popular due to petrol prices, the diesels fall into two categories: some 20 per cent, or 23,000 vehicles, are fitted with the DDAB engine which is to go out of production, and the rest have Perkins engines, a lighter and actually slightly cheaper alternative.

Mr. Joseph J. Sanchez went on to say that plans for new lorry models will be announced "in not less than a year," and when asked if this meant the company would be moving into bigger lorries, he indicated that the new range would probably go up to 16 or 17 tonnes.

The new engine will be "multi-fuel," in that it will be adaptable for use with a whole range of fuels besides petrol. This development reflects the world preoccupation with energy alternatives, and as Mr. Sanchez explained, the location of one of the engine production centres in Brazil, besides being motivated by low labour costs and prospects of a stable political future, has a lot to do with the national alcohol programme. This seeks to reduce Brazil's heavy dependence on petroleum imports by replacing petrol in road transport by hydrated ethyl alcohol produced from sugar cane.

Another factor is the growth, not of the Brazilian domestic market, for which Mr. Sanchez predicts zero growth in 1979, but of the export market, largely because of the export incentive programme. Even so, the domestic market's present stagnation, due in part to Government measures which have cut hire purchase repayment periods and increased purchase tax on industrial goods, is not seen by GM as long term: the company predicts a domestic market of 1.5m vehicles by 1986, a 50 per cent increase on present levels.

CNB forecasts record results

...RLOTTE — NCNB Corp., holding company for ...Carolina National Bank, ...a record profit in 1979 ... modest increase in its ... Mr. William H. ...ty Jr., the president ...ed.

...id "We are looking for a substantial increase" over the record 1978 profit of $33.9m or $2 a share, which included $422,000 in securities losses.

"We have no quarrel" with analysts' estimates of full-year earnings of more than $2.55 a share. But "we cannot verify them either."

Profit in the second quarter will at least match and is likely to exceed first-quarter earnings. Profit then totalled $10.6m or 62 cents a share, which included $35,000 in securities gains. Last year in the second quarter NCNB earned $8.6m or 51 cents a share after $28,000 in securities losses.

AP-DJ

IBM and Merck join Dow Jones Average list

BY OUR NEW YORK STAFF

COMPOSITION of one of the leading indicators of New York Stock Exchange trading, the Dow Jones Industrial Average, is being changed today for the first time in 20 years.

The change in the 30 stocks has been precipitated by the three-for-one stock split by Du Pont Company. This was expected to make the average more volatile and less representative of the broader market. To increase stability, two low-priced stocks, Chrysler Corporation and Esmark, a diversified food company, are being dropped, and replaced with International Business Machines, the largest U.S. computer company, and Merck and Co. which is the first drug company to be represented in the average.

The new list of stocks comprising the average is: Allied Chemical, Aluminium Co., American Brands, American Can, American Telephone and Telegraph, Bethlehem Steel, Du Pont, Eastman Kodak, Exxon, General Electric, General Foods, General Motors, Goodyear, Inco, IBM, International Harvester, International Paper, Johns Manville, Merck, Minnesota Mining and Manufacturing, Owens-Illinois, Procter and Gamble, Sears Roebuck, Standard Oil of California, Texaco, Union Carbide, United Technologies, U.S. Steel, Westinghouse Electric, and Woolworth.

EUROBONDS

Tight terms for World Bank

BY FRANCIS GHILES

THE VOLUME of new D-Mark denominated bonds during the four weeks to July 23 has been set by the German capital markets sub-committee at DM 580m. This includes the DM 400m 12-year issue for the World Bank announced by Deutsche Bank yesterday. Two other issues are scheduled, DM 150m for Brazil and a DM 30m private placement for a U.S. industrial name, both through Deutsche Bank.

Although some German bankers felt that the indicated terms of this bond for the World Bank were tight—a coupon of 7¾ per cent and a bullet maturity of 12 years—the issue was quoted at a discount of only ¼-⅜ of a point in early pre-market trading. The friendly welcome extended to the issue can also be explained by the reasonable size of the new issue calendar.

In the secondary market, seasoned issues posted further gains.

In the dollar sector of the market, $150m 12-year issue for the European Coal and Steel Community, to be offered in Japan ($50m) and Europe ($70m), will be jointly led by Daiwa Securities and S. G. Warburg. The bonds carry an interest rate of 10¼ per cent for the first two years, falling to 9¼ per cent for the remainder. The issue price will be 99¼ and the bonds will have an average life of 9.75 years.

Tokyu Department Store will offer 9.7m shares of common stock, represented by European Depository Receipts, through a group of banks led by Nomura Europe. The EDRs will be issued by Chase Manhattan Bank S.A. The EDRs will be issued at a discount from the closing price of ordinary Tokyu Department Stores shares on July 11. The closing price of the shares yesterday was Y410.

Meanwhile, in New York, Canon Incorporated of Japan will offer an $80m convertible debenture through a group of banks led by Goldman Sachs and Co. The offering date is in early August. This issue includes a bullet maturity of 15 years.

The latest Luxembourg franc-denominated bond offering is a LuxFr. 500m 10-year issue for Eurofima. Indicated terms of this issue, which is led by Kredietbank Luxembourgeoise, include a coupon of 8¼ per cent and an average life of 9.5 years.

...dge grants injunction to Asbestos

...OBERT GIBBENS IN MONTREAL

...UEBEC superior court ...w issued a temporary ...on prohibiting the Pro... Government from using ...ently passed expropria... ...gislation for a takeover ...e Quebec assets of ...s Corporation.

...Government passed the legislation last week, and Asbestos Corporation and its parent company, General Dynamics Corporation of the U.S., immediately challenged its constitutionality in the superior court, asking for a temporary injunction before the issue of constitutionality can be decided.

The injunction, which Asbestos Corporation's lawyers claimed was the first ever granted against the Quebec Government in the history of the province, is effective until July 6.

T INTERNATIONAL BOND SERVICE

...list shows the 200 latest international bond issues for which an adequate secondary market ... For further details of these or other bonds see the complete list of Eurobond prices published ...econd Monday of each month. Closing prices on June 28

...LAR ...TS	Issued	Bid	Offer	Change on day	Change on week	Yield
...Australia 10 89	60	99	99½	0	+0½	10.12
...den XW 9½ 91	30	86	86¾	+0⅛	−1⅞	11.67
... Cap. 10¼ 87	40	97½	98	+0⅛	0	10.68
...F. XW 7¾ 89	200	84¼	84⅝	0	+1	9.90
...84-99	50	95⅞	96⅜	−0⅛	0−¼	9.90
...1 83	400	98⅞	99⅛	0	−0¼	9.46
...¼ 98	350	98⅞	99⅜	0	+0⅛	8.56
...Pacific 9¾ 89	50	98½	99	−0⅛	−0¼	9.95
...Inv. E. 10¼ 91	40	99⅝	99⅞	0	−0¼	10.32
...Bridge 10¼ 84	30	99⅝	99⅞	0	0	10.35
...m. O/S 9⅜ 94	200	98⅞	99⅜	0	+0⅛	9.73
...	125	94⅞	95⅜	−0⅛	−0¼	9.82
...	150	99¾	100¼	0	−0⅛	9.85
...	100	100⅝	101	+0⅛	0	10.03
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96	97	0	−1¼	9.94
Avco Fin. 10¼ 86 C$ ...	25	96½	97	+0⅛	0	10.93
Ex. Dev. Cpn. 10 84 C$	50	99	99½	0	+0⅛	10.19
Fst. Can. Inv. 10 84 C$	50	98⅞	99⅛	+0⅛	+0⅛	10.29
Hudson Bay. 10½ 89 C$	60	99⅞	100⅜	+0⅛	0	10.51
Quebec 10¼ 86 C$	50	97⅞	98⅜	0	−0⅛	10.63
R. Bk. Canada 10 86 C$	40	100	100½	+0⅛	+0⅛	9.84
R. Bk. Canada 10 94 C$	40	96⅜	96⅞	0	0	10.45
Copenhagen 8¾ 91 EUA	25	†95½	96	−0⅛	−0⅛	8.62
Komm. Inst. 7½ 93 EUA	15	94¼	95½	−0⅛	−0⅞	8.11
Panama 8¼ 93 EUA ...	20	†93½	94½	−0½	−1½	9.00
SOFTE 8¼ 89 EUA	40	†95	96½	−0⅛	−0⅛	8.91
Algemene Bk. 6¼ 83 Fl	75	92⅝	93⅝	0	−0½	8.43
CFE Mexico 7¼ 83 Fl ...	75	94¼	95	0	−0⅛	9.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int. Air. 7½ 93...	4/79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical 3½ DM...	12/78	588	82½	83½	+0⅛	14.27
Casio Cp. 3½ 85 DM...	11/78	841	85¼	86	−0⅛	22.57
Fujitsu 5 84 DM	7/79	475	100⅛	101⅛	+1⅞	18.84
Jusco 3½ 86 DM	1/79	1154	81½	82½	−0⅛	32.45
Kansai Elec. 4 84 DM...	4/79	1350	87⅜	88⅛	−0⅛	22.75
Konishiroku 3½ 85 DM	1/79	612	83⅛	84	−0¼	17.41
Marudai Food 3½ DM...	2/79	1033	79	80	−0⅛	35.59
Murata M. 3½ 86 DM...	11/78	854	83	84	−1¼	9.72
Nippon Ysn. 3½ 85 DM	1/79	251	125⅞	126⅝	−0½	−1.84
Nissan Diesl. 3½ 88 DM	2/79	477	88⅞	89⅞	+0¼	6.87
Olymp. Opt. 3½ 85 DM	2/79	703	91⅝	92⅛	−0⅛	1.15
Sharp Cpn. 3½ 88 DM	2/79	487	88⅞	89⅞	−0¼	14.41
Stanley Elec. 3½ DM ...	11/78	623	†82	83	−0⅛	44.65
Tokyo Elec. 3½ 87 DM	4/79	476	89⅝	90½	−0⅛	33.90
Tokyu Ld. Cp. 4 86 DM	4/79	493	82⅛	83⅛	−0¼	18.34
Trio-Knwd. 3½ 86 DM...	11/78	711	79¾	80½	0	38.65

...HE MARK ...NTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

...I FRANC ...ENTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

...STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

$135m bill for reactor deficiencies

By David Fishlock, Science Editor

GENERAL ATOMIC, the nuclear company owned jointly by Royal Dutch Shell and Gulf Oil, is paying one of its customers $135m for deficiencies in the performance of a nuclear reactor at Denver, Colorado.

The reimbursement consists of $60m in cash, which has just been paid, and a further $75m in deferred payments.

But a new contract negotiated still leaves General Atomic with important responsibilities towards the reactor.

Provision for the payments has already been covered by the loss reserves allowed for by the two partners, said Mr. Harry Beckers, newly-appointed head of Shell's nuclear energy division.

The new contract between General Atomic and the Public Services Company of Colorado, concerns a power station called Fort St Vrain, 35 miles north of Denver, Colorado.

It is the world's first commercial-size reactor of the high-temperature gas-cooled type — an advanced version of Britain's advanced gas-cooled reactor (AGR).

The 330 MW reactor produced its first power in 1975 but has not been able to sustain more than 70 per cent of its design output.

As a result, General Atomic, which had negotiated a fixed-price contract to build the reactor, has had a large team of engineers tied up at Fort St. Vrain, as well as meeting the cost of replacing the deficiency in electrical output.

The settlement is on the basis that the reactor is re-rated as a 200 MW unit. This has been decided because at outputs above about 70 per cent the reactor temperature tends to rise and fall in a disturbing manner, for reasons still not fully understood.

One theory is that the graphite blocks incorporating the fuel which makes up the core are tending to shift about under the immense aerodynamic forces exerted at higher power levels in a gas-cooled reactor. This would cause the gas flows, and hence the temperature, to fluctuate throughout the reactor.

If this theory proves correct, it could point to a basic weakness in the design, and could effectively restrict the power output for the life of the reactor.

The new contract between General Atomic and the utility provides the latter with free technical services from General Atomic to the value of $17m.

Beyond these provisions, the utility will pay General Atomic for further services. This must include fuel since the company is the only source of the required fuel.

TXIA loan arranged

Texas International Airlines (TXIA) has established a credit facility with six banks which would provide up to $60m for use in the acquisition of National Airlines stock if the Civil Aeronautics Board allows it to buy control of National, Reuter reports from Houston.

Strong fourth quarter for Pillsbury

NEW YORK — Pillsbury Company, the food and restaurants group, reports strong growth in its fourth quarter, to May 31, results with an advance from $474.6m to $700.9m in sales and an increase in net profits from $15.65m to $21.98m, equal to $1.11 per share compared with 89 cents.

Profits for the full year are ahead from $72.51m to $83.47m, or from $4.14 to $4.62 per share on sales of $2.16bn against $1.7bn. Shares in issue averaged 18.1m compared with 17.5m.

Results for 1978-79 include $154m in sales and about $5m in earnings, after adjustment for interest costs, from the acquisition of Green Giant Company in February which is accounted for as a purchase.

The 1977-78 net profit figure includes a gain of seven cents a share from discontinued operations.

Reuter.

McCormack offer

Moore McCormack Resources has increased its takeover offer for Florida Mining and Materials, the small Southern cement maker, to $48 a share, agencies report from New York. The bid followed swiftly a $45 a share offer from Kaiser Cement.

Gulf—Uniroyal

Gulf and Western Industries has sold a majority of its 1.5m Uniroyal shares and plans to dispose of the rest, Reuter reports from New York. Gulf made an off-Board sale of 823,100 shares at $6.25 apiece.

Corning Glass growth

Corning Glass Works, the special glass concern, raised its net profits for the first half, to June 17, to $74m, or $4.17 a share, from $52.20m, or $2.95 a share, in the same period last year, agencies report from New York. Sales rose to $669.3m from $567.9m.

Data General ahead

Data General, the small computers company, increased net profits for the first nine months to June 9 by 40.4 per cent to $36.5m, equivalent to $3.55 a share, from $26m, or $2.60 a share, in the first three-quarters of 1977-78, agencies report from New York. Sales were 37.2 per cent up to $336.6m, from $245.4m.

Bay-Simpsons terms

Hudson's Bay and Simpsons said that both Boards have agreed to merger arrangements in which Simpsons' shareholders will receive one Hudson's Bay share for each eight shares held or C$28.40 in cash and one preferred share, reports Reuter from Toronto.

FRENCH BALL BEARING INDUSTRY

SNR looks to exports for growth

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

FRANCE IS ONE of the most price-conscious markets for bearings, but there is evidence that prices started to recover a little in the first half of this year.

This is an important factor in the expectation of Societe Nouvelle de Roulements (SNR), the bearings subsidiary of Renault, that it will return to small profit this year on a projected turnover of FFr 78.5m ($18.38m). Last year the company, which sells 70 per cent of its output on the home market, made a loss of FFr 26m.

But the export expansion policy to which SNR is firmly committed is now beginning to pay off, and sales outside France have played a significant part in boosting turnover in the first half of 1979.

Over the past few years, SNR has set up sales companies in Britain, Germany, Italy along with Spain, the U.S. and the Argentine.

Some 58 per cent of export sales are made through these companies, of which nearly 80 per cent are in Europe. A further 21 per cent are sold directly from France, 17 per cent are supplied to Renault outside France, and between 4 and 5 per cent of exports are accounted for by industrial agreements.

SNR's reason for building up its foreign presence is that it believes there is a limit to the amount by which it can increase its share of the home market. It has a 22.9 per cent share of the French market (17 per cent in 1970), making it number two to which is the world's largest bear- SKF, the Swedish-based group ings company.

SNR is younger than SKF in France. The company dates back to 1945, when Renault purchased a bearings factory in Annecy, in the French Alps, from its Swiss owners. Its development has been linked closely with that of Renault, and it still supplies about 85 per cent of its parent company's bearings requirements, representing about one third of SNR's total production.

Although SNR is required by Renault to be self-financing, this close association has undoubtedly enabled it to plough back profits at a time when public companies like SKF had its shareholders to think about. The result is that SNR is one of the most efficient bearings manufacturers in Europe.

Production workers total only 2,800 at five factories in France,

SNR is building up its overseas presence through sales companies it operates in Europe and North and South America

all except one being in the Annecy area. Ales, in the south of France, produces bearings for high volume orders only, and is highly automated. It employs only 130.

Over the past three years, investment has average 5.5 per cent of turnover, but in earlier years it was as high as 8.5 per cent. The company is not interested in manufacturing outside France, and views its concentration in one part of France as a definite strength.

SNR's expansion policy is two-fold: exports, and to build up a more extensive range so that it is less dependent on the motor industry. Paradoxically, the strength of its reputation in the motor industry is a key factor in expanding exports.

It is already supplying, or is soon to supply, Volkswagen, Fiat, Ford, Daimler-Benz, Audi, Alfa-Romeo and Vauxhall. SNR marketing managers regard these contracts as a distinct achievement, but having gained an entry to these major motor manufacturers, they do not want to become a first source of supply. To supply Renault on this basis is sufficient.

Last year, 55 per cent of SNR's output went to the automotive industry in France—worldwide it was 35 to 40 per cent. The aim is to supply other OEMs (original equipment manufacturers) outside the industry, but to do this SNR has to introduce more types of bearings, and more variants on its existing range.

As well as the automotive customers, it is an important source of bearings for the French aerospace industry, but in machine tools, for example, its sales are very small.

The bearings industry is suffering from worldwide overcapacity, which has been aggravated by the Japanese, and more recently the East Europeans. SNR estimates that the Japanese share of the French market, however, has fallen by about 30 to 40 per cent, so that they now have about 6 to 7 per cent of the market (about the same as in the UK). The East Europeans have about 5 to 6 per cent.

Concern at Japanese competition has lessened as a result, and SNR is determined to pursue an expansionist policy. In this, it has been, and will be helped by the relative strength of the French automotive industry. But it clearly intends to expand beyond these industrial and national frontiers.

SGI sale of hotel stake confirmed

By Paul Betts in Rome

ITALY'S largest private construction and property group, Societa Generale Italiana (SGI), confirmed yesterday it was negotiating the sale of its 41.7 per cent controlling interest in the Ciga luxury hotel group to the U.S. Dunfey Hotels company controlled by Aer Lingus, the Irish national airline.

The sale of Ciga has been at the centre of a controversy in the last few weeks following SGI's announcement last month that it was selling its stake for L61bn ($73.32m) and persistent denials of the deal on the part of Aer Lingus.

But at the property group's annual meeting yesterday, Sig. Arcangelo Belli, the deputy chairman, confirmed that his company "accepted last May an offer of L61bn made by Dunfeys chief executive for SGI's holding in Ciga. Payment would in part be made in cash and in part in bank guaranteed tranches."

However, the deal still hinges on a series of conditions and the two parties have agreed to finalise it by the end of September, the vice-chairman said yesterday.

These conditions include approval of the deal by the Italian authorities, an independent audit of the company's fiscal 1978 balance sheet, and agreement that Dunfey will have access to all other pertinent information on Ciga it requires.

Dunfey has asked for access to additional information reserving itself the right to submit it to its main shareholder, Aer Lingus, and to its own board. According to Sig Belli, the SGI vice-chairman also said that his company would supply all required data to Dunfey.

SGI, the former sheet anchor of the financial empire of the controversial financier Sig. Michele Sindona, reported yesterday losses of L3bn last year compared to L19.5bn in 1977. The company, which has now launched a major restructuring programme, also intends to increase its capital by L10bn.

For its part, Ciga, which is based in Venice, groups together some of Italy's most celebrated luxury hotels and owns assets elsewhere in Europe and in Japan.

Stewart Dalby writes from Dublin: Aer Lingus was unavailable for comment in Dublin last night. The company's last officially stated position was that the deal with SGI had not yet been completed.

France regroups watch industry

BY TERRY DODSWORTH IN PARIS

THE FRENCH authorities have succeeded in putting together an elaborate reorganisation plan for the country's clock and watch-making industry after virtually a year of bargaining.

This emerged yesterday in two developments which made it clear that the main vehicle for the restructuring will be Matra, the high - technology missile and aerospace company, which began to diversify recently into electronic component manufacturing.

Matra is to take a controlling interest of 38 per cent in Jaz, a watch and clock group which began to rationalise the industry a year ago with the help of state finance. Jaz was controlled by the Empain-Schneider group.

This acquisition follows Matra's month-old move into Jaeger the French vehicle instrumentation group which recently launched its own attempt to move into the clock and watch making sector with a bid for Yema, a Besancon-based company which has established a leading position in France's electronic watch industry.

After yesterday's moves, the French industry is now mainly grouped around Matra, with its controlling interests in Jaeger-Yema on the one hand and Jaz on the other.

Although it is not clear yet how much rationalising and interaction there may be between these two branches, the Government has given its blessing to the deal. It was announced yesterday that the authorities have approved the Jaeger take-over of Yema, after about six months of blocking the deal. The result of the state's quiet intervention in this sector of the industry is that France has retained an industry still essentially directed by domestic interests.

It seems that the main Government anxiety over the Jaeger bid for Yema was the 41 per cent controlling interest which VDO, the West German vehicle instrumentation group, held in Jaeger. This problem was resolved with the Matra acquisition, a deal which gave the French group and VDO exactly comparable shares of 25.5 per cent in Jaeger, controlled through a joint holding company.

At the same time, by persuading Matra to move into the industry in a kind of tutoral role, Government has avoided the fragmentation which would have occurred if Jaeger had gone its own way.

The French Government's objective in all this manoeuvring has been to create a group which can be "effective on a world scale." Under Jaz are two other companies, Framelec and Montrelec, which are active in high volume clock-making and in watches.

From the point of view of Matra, the two watch groups will create an outlet for its electronic components, while Jaeger's instrumentation interest will provide it with an important link in its own developing interests in vehicle construction.

Belgian airline in the red

By Giles Merritt in Brussels

SABENA, the Belgian national airline, has revealed further losses for 1978 in spite of a perceptible improvement in passenger and cargo traffic.

Although Sabena for the first time topped the 2m passenger mark and recorded an increase of almost 12 per cent in cargo business, the depreciation of the U.S. dollar in relation to the Belgian franc during 1978 contributed to the airline's continuing deficit.

The Belgian flag carrier, which is 95 per cent state owned, has failed to show a net profit since 1970-71. It is currently in the throes of a cost-cutting programme and for 1978 has managed to reduce its total losses.

But the burden that Sabena itself has to bear has worsened considerably. For once the Belgian state's statutory contribution is deducted from the overall losses, the airline's operating deficit rises from the 1977 level to BFr 999m to reach BFr 1.18bn.

The worsening position has been largely attributed by Sabena to further deterioration in its currency exchange position, with such extraordinary costs to the airline last year reaching BFr 732m as against BFr 126m in 1977.

Peak result from Irish Shipping

By Stewart Dalby in Dublin

IRISH SHIPPING, the State controlled shipping line, had an excellent year ending on March 31, 1979. The rise in pre-tax profits is one of from £1.3m to £3.01m. This is the highest profit the group has achieved.

The growth appears to have come from very good business on the company's passenger and car ferries as well as the satisfactory year in dry cargo business.

Irish Shipping has six modern bulk carriers totalling 159,467 dwt.

The main subsidiary, Irish Continental Line, experienced strong growth with passengers and passenger cars increasing by 38 and 44 per cent respectively. However, despite the bad oil situation dry cargo also did well. Turnover increased only marginally from £21.4m to £24.1m; however a low tax payment helped profit margins to increase from 6.1 per cent to 12.6 per cent.

Finnish foreign investment dips

BY WILLIAM DULLFORCE IN STOCKHOLM

NET FOREIGN investment by Finnish companies declined by 45 per cent last year but still exceeded substantially the net inflow of foreign capital. The outflow from Finland was FM 257m ($66m) against an investment inflow of FM 141m, according to figures released by Finnfacts, the Information Office for Finnish Industry.

More Finnish companies established subsidiaries abroad in 1978 but the amounts invested were in most cases fairly small, a reflection both of the depressed financial situation of many Finnish concerns and their desire to boost exports.

Nearly 60 per cent of Finnish companies' investments went to the EEC countries with Finland's EFTA partners receiving only 17 per cent. Of the total net outflow some FM 100m was invested in production facilities, FM 64m in sales subsidiaries and FM 93m in other operations.

By the end of 1978 Finnish companies held at least 20 per cent of the share capital in 561 foreign subsidiaries, of which 15 per cent were engaged in some form of manufacturing.

The bulk of foreign investment in Finland last year, some FM 136m went to sales companies. Swedish, British and Dutch companies predominated, each accounting for about 20 per cent of the total net investment. Dividend and interest payments from Finland exceeded net foreign investment by FM 18m.

* * *

SAEFVEAAN, the Gothenburg-based trading, industrial, finance and investment group, reports a pre-tax profit for the first four months of 1979 totalling SKr 8.6m ($2m), up more than 60 per cent from SKr 5.3m for the period last year despite a 2 per cent drop in operating income to SKr 552m ($129m).

Mr. Bengt Duner, managing director, is keeping to his forecast earlier this year that 1979 pre-tax earnings will be SKr 25-30m.

Last year Saefveaan showed pre-tax earnings of SKr 23.2m on sales of SKr 1.87bn. Trading activities accounted for more than 70 per cent of turnover, with the Ekman company—which ships Swedish pulp, paper and steel products overseas—making up three-quarters of trading income and bringing in nearly SKr 14m in pre-tax earnings.

Industrial holdings accounted for one quarter of 1978 sales in the Saefveaan group but yielded only SKr 2m in pre-tax profit, since the SKr 10.1m in earnings contributed by the Hasselblad Camera Company was outweighed by the losses from the now - terminated unsuccessful foreign venture by Kamas, a company that makes farm storage equipment.

During January-April 1979 Ekman's pre-tax earnings were SKr 3.8m, down from SKr 5.2m a year earlier, due to a major drop in turnover. Hasselblad and the house-manufacturing company Fogelfors helped pull up industrial sector earnings to SKr 3.3m against a pre-tax loss of SKr 2.4m in the first four months of 1978.

Shell Nederland Chemie optimistic

THE HAGUE — Shell Nederland Chemie is moderately optimistic on 1979 results, according to the company management.

The company made a profit in the first quarter of the current year, but gave no figures with April and May showing a further improvement after losses of more than Fl 100m ($49.5m) in 1978, it said.

Results for Shell Nederland Raffinaderij continued to improve in the first quarter after a profit of some Fl 10m to Fl 15m in 1978. The improvement was mainly due to stock appreciation following the group's first-in first-out stock accounting method.

Reuter

Sales rise 7% this year for German paper group

BY GUY HAWTIN IN FRANKFURT

FELDMUHLE, one of Europe's largest paper and carton-making groups, has seen sales rise 7 per cent during the first five months of the year compared with the same period of 1978.

Production during the five months rose 6 per cent to 380,000 tonnes, said the group. Overall, Feldmühle's management is expecting the "positive developments" of the first half to continue into the rest of the year "if not entirely at the same tempo."

The group, which is wholly owned by the Flick concern appears to be doing considerably better than in 1978. The external sales of the West German operations increased last year by just 0.8 per cent to DM 1.78bn ($970.6m).

Consolidated figures, including those of the Feldmühle foreign interests, show an even lower growth figure. Consolidated external sales went up by just 0.3 per cent to DM 3.02bn ($1.64bn).

Profits in 1978, however, showed a 12.2 per cent improvement. Net earnings increased from DM 36.9m in 1977 to DM 41.4m, while the contribution to the parent Flick concern totalled DM 35.1m.

Despite the slow growth in cash sales, paper, board and pulp production increased by 3 per cent to 900,000 tonnes. This brought the group's output up once again to 1974's record.

Increased production came about in large part as a result of strongly increased overseas demand—exports as a proportion of sales increased from 1977's 22 per cent to over 24 per cent. Domestic sales, on the other hand, remained at a little under the 1977 level.

The group last year approved an investment programme which envisages the spending of DM 650m up to the end of 1980. The programme, the largest Feldmühle has ever undertaken, is aimed at improving its competitive position and increasing its share of the world paper market.

INTNTL. COMPANIES and FINANCE

:Ewans rejects 27m takeover from Repco

ROGERS IN SYDNEY

e major Australian parts supplier, aunched an A$27m takeover bid for the hardware retailer, nly to see it rejected ediately. Last week unced that McEwans ed a link with Tire, the major motor accessories

ction follows three activity in McEwans which turnover quivalent to nearly t of the company's ver A$10m. Family s interests associated McEwans chairman, Luxton, are now in ust over 50 per cent ital. This indicates o's approach seems failure, despite its yesterday that it has active in the market olds a 27 per cent Ewans.

offering A$1.85 a equal to the highest d on the open market It compares with asset backing of share, although this lieved to be conserva- McEwans' "friends" d to have picked up large parcels of stock at prices up to A$1.85 it was not surprising when its directors yesterday described Repco's offer as "unrealistic, inadequate and totally unacceptable." They advised shareholders not to sell their shares and the market closed with a last sale of A$1.86.

The takeover is seen as a diversification by Repco. "The move into hardware and general retailing, allied as it is with automotive interests—is a natural step for Repco and compatible with its skills in warehousing and distribution," Repco directors said.

"Repco also regards the introduction of the Canadian Tire company into McEwans very favourably and considers the present expertise of management within McEwans, allied with two large international companies, will provide an excellent platform for future growth."

Last week it was announced that Canadian Tire had taken an equity stake in McEwans through a convertible note issue. McEwans executives intimated at the time that further technology co-operation between the companies could be expected.

Profits rise at Matsushita despite fall in exports

TOKYO—Matsushita Electric Industrial Company raised its first-half net profits by 17 per cent to a record Y30.84bn ($143.4m), at the parent company level, from Y26.35bn in the same period last year.

Sales for the six months to May 20 rose at the slower pace of 7.2 per cent, to Y806.03bn ($3.7bn)—also a record—from Y751.60bn. The interim dividend is unchanged at Y5.

Operating profits showed a gain of 8.6 per cent to Y54.30bn, and Matsushita expects this rate of growth broadly to be maintained in the second-half, to bring the full year's operating profits to Y112.5bn, or some 9 per cent more than in 1977-78.

Sales for the full year are forecast to increase 7 per cent, to Y1,706bn.

Matsushita's first-half exports fell by 17 per cent to Y131.90bn—as a result of the fluctuations in the yen in the foreign exchanges, import restrictions by some importers, and growing competition from newly industrialised developing countries, the company said.

Domestic sales, on the other hand, rose by 14 per cent to Y674.10bn, with consumer demand said to be especially higher for colour television sets, video taperecorders, communication equipment, air-conditioners and refrigerators.

Sales of wireless electric products totalled about Y358bn, for a gain of 2 per cent, those of home electric appliances, increased 12 per cent to Y287bn, batteries and related products rose 10 per cent to Y41bn, while lamps and tubes gained 15 per cent to Y31bn, motors and related parts 12 per cent to Y50bn, and sales of other products 8 per cent to Y36bn.

Profits per share were Y26.05, against Y24.61.

Agencies

Interlocking holdings unwound

BY WONG SULONG IN KUALA LUMPUR

PACIFIC DEVELOPMENT Credit and Central Securities—two actively traded companies on the Kuala Lumpur Stock Exchange, which are controlled by the Malaysian businessman Datuk Loy Hean Heong and associates—have announced a series of sales and purchases that would unlock their cross holdings and split them into independent groups.

The deal, apparently done at the suggestion of the Malaysian Government authorities, has involved PDC selling its 32 per cent stake in Central Securities, of 7.48m shares of one ringgit each for 9.72m ringgits (U.S.$4.5m) to Syarikat Cahaya Muda Perak.

With the sale, Datuk Loy and three of his associates have resigned from the board of Central Securities, leaving only one other associate, who will leave once full settlement has been made.

PDC will also sell to subsidiaries of Central Securities its 2.9m shares of one ringgit each in Landbanq and its 217,000 shares of one ringgit each in General Gomma, at par value. In return, PDC will buy from Central Securities and its subsidiaries 20,000 shares of one ringgit each in PDC Management Sdn. Berhad, and 127,500 shares of one ringgit each in Elbipi International (S) Pte at par value.

Together with the sale, PDC and Central Securities have also announced their results. The PDC group made a pre-tax profit of 3.5m ringgit (U.S.$1.6m) for the first six months, ending March, compared with a pre-tax profit 1.6m ringgit in the previous comparable period.

Most of the profits came from its subsidiary, Malaysia Borneo Finance, while the parent company suffered a loss of 1.4m ringgit.

The Central Securities group made a pre-tax profit of 590,000 ringgit for the 16 months ending September 1978, compared with a profit of 4.1m ringgit for the 12 months ending May, 1977 accounting period.

But an extraordinary item of 5.5m ringgit gave the group a net profit after-tax of 4.7m ringgit during the 16 months, compared with a profit of 970,000 ringgit for the year of 1977. The statement issued did not explain the computation of the 5.5m ringgit extraordinary item.

KONG BANK

Change in the profits mix

PHILIP BOWRING, in Hong Kong, analyses the profits breakdown of Hongkong and Shanghai Banking Corporation, which has this week made a surprise move in its bid to merge with Marine Midland Banks.

IONGKONG AND Banking Corporation's m its own banking excluding dividends diaries and associates, by about 50 per cent , to reach some an analysis of group ets shows.

nparison the HSBC solidated attributable officially announced undisclosed transfers reserves) rose by 39 to HK$726m, and pany profit rose 38 HK$592m.

r was thus the first years that the Hongk's own growth in rofits outstripped that n banking subsidiary, r cent owned Hang Hang Seng profits rose 35 per cent to n.

believe two factors for the change of year. Firstly, Hong advances grew by 45 compared with Hang per cent. As Hongkong Bank's loan growth outside Hong Kong was much slower than within Hong Kong, it appears that the bank's lending in the Colony last year jumped even more rapidly than bank lending in Hong Kong in general, which was up by 45 per cent.

Secondly, it is believed the Hongkong Bank would have made foreign exchange gains from the liquid assets it holds overseas because of the decline of the Hong Kong dollar. Other Hong Kong banks keep their liquidity mostly in local currency assets.

Despite the Hongkong Bank's profit improvement last year, its return on total banking assets was still only about 0.5 per cent, less than a third that achieved by its very efficient, low expense subsidiary, the Hang Seng.

Other significant items in the HSBC group balance sheets are:—

- A HK$30m profit gain from HK$10m to HK$40m from Wardley Australia.
- A fall in profits of the British Bank of the Middle East from £6.7m to £4.8m.
- A US$4.2m profit from the Hongkong Bank of California, which has now been sold to make way for the intended acquisition of Marine Midland Banks.
- A slight fall from HK$77.7m to HK$74.7m in profits of Wayhong Investment, the subsidiary which holds the HSBC interests in Sir Yue-Kong's World Wide Shipping Group and in Cathay Pacific Airways.

Wall St. takes oil price rise in its stride

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—34⅛% (35%)

Effective $2.1690 12% (12%)

BOLSTERED BY strength in Energy issues, Wall Street moved higher over a wide area in active trading, despite the increase in oil prices set by OPEC. But best levels were not always held.

After rising 4.25 to 844.77, the Dow Jones Industrial Average partially reacted to 843.04, for a net gain of 2.52, while the NYSE All Common Index finished 32 cents up at a new 1979 closing peak of $58.33, after touching $58.42. Trading volume further expanded 1.78m to 38.54m, while advances led declines by 837-to-560.

Analysts said the OPEC price increases were not as bad as Wall Street's worst expectations, although they will accelerate inflation and increase the risk of a recession this year.

They also said that with the second quarter drawing to a close, Institutional inevstors were active in the market as evidenced by a large number of block trades.

Charles Schultze, chairman of the Council of Economic Advisers, said it was premature to say the U.S. has entered a recession, but Wage and Price Council *chairman, Alfred Kahn, said the* OPEC price moves increased the chances of a recession.

Carter Administration officials estimated that price increases by OPEC, including Thursday's action will add a percentage point to the inflation rate in 1979 and in 1980.

The Administration also estimated that unemployment would be 250,000 higher by the end of 1979 and 550,000 higher in 1980.

After the close the Federal Reserve reported the U.S. Basic Money Stock rose $400m in the latest reporting week, well within the market's range of expectations.

Railroad, Financial, Gaming and Takeover stocks joined with the Energy group in the advance, while Basic Industry issues Golds and some Computer shares retreated.

Exxon added $1 at $53⅜, **Atlantic Richfield** $1⅞ at $67⅛, **Standard Oil (Indiana)** $⅞ at $65, **Standard Oil (Ohio)** $1⅞ at $55⅛, **Royal Dutch Petroleum** $⅞ at $73, active **Louisiana Land and Exploration** $1 at $35⅛, active **Texaco** $⅞ at $27⅞ and **Superior Oil** $9 at $430.

Heavily traded **Gulf Oil** picked up $⅞ to $27⅛—a block of 345,000 shares moved at $27.

Among the Railroads, **Burlington Northern** gained $⅞ to $54⅞, **St. Louis and San Francisco** $2⅞ to $51⅛, **Rio Grand Industries** $2⅛ to $46⅞ and **Union Pacific** $⅞ to $68⅛.

In the Basic Industries, **U.S. Steel, Bethlehem Steel, Kennecott Copper, Phelps Dodge, Alcoa** and **Alcan Aluminium** each eased. But **Armco** rose $⅞ to $21⅞.

Bankamerica, Citicorp and J. P. Morgan each firmed, while Chase Manhattan advanced $1½ to $38⅛.

Hecla Mining slipped $⅛ to $13⅞—it consented to **Rosario Resources**, up $1⅛ to $26, raising its Hecla stake to 19.94 per cent.

The American SE Market Value Index rose 0.68 to a record 200.77, and the volume to 4.45m (4.22m) shares.

Energy issues led the advance. Volume leader **Houston Oil and Minerals** gained $⅞ to $21⅛, **Husky Oil** $2⅛ to $51⅛, **Dynalectron** $⅛ to $11½ and **Great Basins Petroleum** $⅛ to $13.

Canada

Markets were generally mixed in fairly active trading yesterday, when the Toronto Index finished 2.8 up at a fresh record of 1,614.4.

The Oil and Gas Index advanced 20.5 to 2,861.5, Metals and Minerals firmed 0.1 to 1,389.2 and Banks put on 1.05 to 307.26, but Golds lost a further 9.9 to 1,859.4, Utilities shed 0.32 to 237.26 and Papers eased 0.06 to 170.58.

Paris

Market eased in moderately active trading as operators assessed the implications of the new **OPEC** oil pricing system and awaited the outcome of the Tokyo Summit.

Oils and Metals, however, firmed, while Banks, Insurances, Properties, Investments, Department Stores and Chemicals were mixed.

Among Foreign stocks, most sectors eased although Oils firmed.

Germany

Share prices were slightly firmer in a medium turnover, although operators in the early stages feared the Bundesbank Central Council might decide to raise the Discount Rate.

In Electricals, **Siemens** were marked up DM 2.1 to 246.6 and **AEG** went up 75 pfennigs to 49.50. In Motors, **BMW** rose 50 pfennigs to 187.50.

Banks were higher across the board, with **Commerzbank** up DM 2 to 192 and **Deutsche Bank** DM 1 to 268.

On the Domestic Bond Market Public Authority issues lost up to 90 pfennigs, with the Bundesbank purchasing DM 3.5m worth of stock.

Mark Foreign Loans firmed up to 50 pfennigs.

Amsterdam

Movements were mixed to lower, with **Royal Dutch** up Fl 1 in otherwise mainly lower Dutch Internationals.

Banks declined, with **Algemene Bank Nederland** losing Fl 2.50 and **Middenstand Bank** Fl 1.50. **Ennia** fell Fl 1.80 and **Oce-Van der Grinten** Fl 5. But **Nedlloyd, Van Ommeren, Ahold** and **Pakhoed** each gained between Fl 1 and Fl 2.

RSV put on Fl 1.50—it is expected to receive further state aid.

State Loans were mostly down.

Brussels

Belgian shares were mixed in *quiet trading.*

In Foreign stocks, UK and Germans were little changed, Dutch, Canadians and French higher. U.S. steady. Gold Mines were little changed.

Milan

Mixed in quiet trading.

Bonds were quiet.

Switzerland

Prices were steady in moderate trading with Higher OPEC oil prices having little impact on the market, although inflation fears were a restraining factor.

Banks were mixed. In Financials, **Moevenpick** rose after the proposed capital increase. **Holderbank, Forbo "A"** and **Interpan** each pointed higher.

Insurances gained ground, led by **Helvetia Participation Certificate** and **Baloise.**

Alusuisse and **Sulzer** rose in Metals and Engineerings.

Domestic Bonds firmed and Foreign Bonds were particularly strong on good demand from abroad.

In the Foreign sector, Germans edged lower and Dollar stocks traded slightly below overnight New York levels, while Energy related issues rose.

Hong Kong

The market closed mixed. Afternoon trading was active after a quiet morning with most activity local. Interest centred on special situations.

Hongkong Bank lost 30 cents to HK$12.70 following its improved offer for **Marine Midland Banks.**

China Engineers continued active and rose 7½ cents to $3.35, while awaiting further developments regarding **Sime Darby** *Holdings' rumoured offer for the* shares it does not already own.

Properties were mixed, with **Sun Hung Kai Properties** losing 5 cents to $9.75, but **Hutchison Properties** added 50 cents at $11.40.

Tokyo

Prices closed lower for the first time in four sessions as late profit-taking and liquidations in front-running Energy issues pared early gains. Volume 370m (500m) shares.

The OPEC two-tier oil price system hardly affected the market, which had already discounted higher crude prices.

Teikoku Oil fell Y17 to Y883 on profit-taking despite its natural gas find in Northern Japan. **Arabian Oil** lost Y270 to Y5,100, **Nippon Oil** Y40 to Y1,540 and **Mitsui Mining** Y23 to Y685.

Electric powers also fell, with **Tokyo Electric Power** losing Y22 to Y937, but "small-sized" Steels and some Export-Orientated issues advanced. **Matsushita Communication** rose Y50 to Y1,890, **TDK Electronics** Y10 to Y1,710 and **Nissan Motor** Y10 to Y690.

Australia

Rumours of an oil strike off Western Australia by a group in*cluding MIM hastened the rush* for Resources stocks after the announcement of the OPEC price rises and details of the Government plan to cut Australia's oil consumption.

After trading ended MIM, up 15 cents to $A3.25, announced a non-commercial gas bearing zone had been encountered in the Jupiter one well in which it has a 20 per cent interest.

BHP gained 20 cents to $A8.94 and **Woodside Petroleum** 5 cents to 83 cents.

Bank of New South Wales firmed 3 cents to $3 55 and **ANZ** 2 cents to $4.55.

Gold shares were mainly weaker.

Johannesburg

Gold shares were generally easier in quiet trading, reflecting lower bullion prices. There was *fair selling from New York.*

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM 50 denom, unless otherwise stated, yields based on net dividends plus tax

♥ Pta 500 denom. unless otherwise stated.

♣ DKr 100 denom. unless otherwise stated.

ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *A* Interim since increased.

NEW YORK

Stock	June 28	June 27
Abbott Labs	34⅛	34⅛
AM International	14⅞	14½
Adobe Oil & Gas	29½	29½
Aetna Life & Ca.	32⅝	32⅞
Air Products	30½	29⅞
Alcan Aluminium	34½	34½
Alcoa	51⅛	52
Alleg. Ludlum	17¾	17¾
Allegheny Power	17	17
Control Data	40	39¾
Cooper Indus.	54⅝	54⅞
Corning Glass	57¾	57½
CPC Int'rnation'l	52¼	51⅝
Crane Co	29	29
Crocker Natl	30⅜	29⅜
Crown Zellerb'h.	35½	35½
Cummins Engine	33¾	33½
Curtiss Wright	15⅜	15⅜
Dana	27¼	27
Dart Industries	45	45½
Johns Manville	24⅝	24⅞
Johnson Johnson	72	72⅝
Johnson Control.	25⅝	26⅝
Joy Manufacturg	34	34⅝
K. Mart	27¼	26⅞
Kaiser Alumini'm	18⅜	18¼
Kaiser Industries	2	2
Kaiser Steel	34	34⅞
Kaneb Services	17¾	16¾
Kay	15½	15
Kennecott	23	23¼
Revlon	47	47¼
Reynolds Metals	33	33⅝
Reynolds (R.J.)	56⅝	56⅝
Rich'son Merrell	21	20⅜
Rockwell Inter.	37½	37⅞
Rohm & Haas	38¾	39
Royal Dutch	73	72¼
RTE	10¾	10¼
Ross Togs	7⅞	9⅞
Ryder System	20½	20⅝
Safeway Stores	36¾	36⅞
Williams Co.	20¼	20¾
Wisconsin Elect.	26⅝	26½
Woolworth	26⅝	26⅝
Wyly	5¾	5¾
Xerox	61⅜	61¾
Zapata	19⅛	18⅞
Zenith Radio	12½	12½
U.S. Treas.4%'80	†97	†97
USTreas4½%75/85	†84½	†84½
U.S. 90-day bills.	8.90%	8.77½%
Combustion Eng.	44¾	43¼
Combustion Eq.	12¾	12
C'm'wth Edison	23¼	23¼
Compugraphic	37½	37⅞
Comm. Satellite	45½	45½
ComputerScienc	12¼	12¼
Conn Life Ins	38¼	37⅞
Conrac	14⅞	14⅞
Con. Edison NY	24¼	24¼
Consol Foods	22⅞	22⅞
Consol Nat. Gas	41⅝	40⅝
Consumer Power	22⅜	22½
ContinentalGr'up	28¼	28¾
Continental Oil	38⅞	38⅝
Continental Tele	16⅝	16½
Inland Steel	36½	36⅞
Insilco	12¼	12⅝
IBM	73⅞	73¾
Itnl. Flavour	20⅜	20¾
Intl. Harvester	39⅝	39⅛
Intl. Min & Chem	48⅝	49
Intl. Multifoods	19¾	19⅞
Inco	21	20¾
Intl. Paper	44⅞	45¼
Intl. Rectifier	13¾	13⅞
Intl. Tel & Tel	29¼	29
Iowa Beef	22⅛	21¾
IU International	12½	12¾
Jim Walter	33	31⅞

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd	14 %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 11½%. 1-month deposits 11¾%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.

‡ Call deposits over £1,000 11½%.

§ Demand deposits 11½%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

C=Call P=Put

Indices

NEW YORK—DOW JONES

	June 28	June 27	June 26	June 25	June 22	June 21	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	843.04	840.52	837.66	844.25	849.10	843.94	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.25	85.70	85.35	85.36	85.45	85.49	85.90 (2/2)	82.32 (8/6)	—	—
Transport.	242.88	241.92	243.82	240.85	241.38	240.02	245.97 (17/0)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	105.56	105.48	105.28	105.11	105.51	105.31	105.75 (15/6)	99.51 (1b/b)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's†	38,540	36,760	34,940	31,430	38,530	37,210	—	—	—	—

◆ Day's high 848.84 low 836.97

Ind. div. yield %	June 22	June 15	June 8	Year ago (approx)
	5.97	6.01	6.07	5.68

STANDARD AND POORS

	June 28	June 27	June 26	June 25	June 22	June 21	1979 High	1979 Low	Since Cmpil't High	Since Cmpil't Low
‡Indust'ls	115.38	115.48	112.78	115.29	115.84	115.50	116.88 (9/1)	107.08 (27/2)	134.54 (11/1/73)	3.52 (30/6/32)
‡Composite	102.80	102.27	101.66	102.09	102.64	102.09	103.34 (18/4)	96.13 (27/2)	125.85 (11/1/6)	4.40 (1/6/32)

GERMANY ◆

June 28	Price DM.	+ or —	Div. %	Yld. %
AEG	49.50	+0.75	—	—
Allianz Versich.	445	—4	31.2	3.5

TOKYO ¶

June 28	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	345	+4	14	2.0
Canon	528	—2	12	1.1
Casio	711		25	1.8

COMMODITIES AND AGRICULTURE

Coffee and cocoa firmer

By Our Commodities Staff

...AN COFFEE frost ...ded further yesterday ... another mild night. ...tional Weather Depart... overnight tempera... Wednesday remained ... frost levels with the ... in north Paraná, the ...ost Brazilian coffee area, recorded at 10 ...entigrade.

...ces were described as ...ady" on the London ... market yesterday. ...e buying prompted by ...chart patterns and buy... ...w York lifted the Sep... quotation to £2,095 a ...ne stage before closing ... the day at £2,082.5 a ...

... prices moved higher ...terday in response to ... concern about the ... in Ghana.

...rket initially lost up to ...e against the strength ... and the lower over... in New York. But it ...d following news that ...ging directors of two state corporations had ...sted.

Oil rise hits copper market

BY CHRISTOPHER PARKES

COPPER prices fell sharply on the London Metal Exchange yesterday as fears grew about world economic prospects in the wake of the oil price increases agreed by OPEC ministers in Geneva.

Values started falling as trading began in the morning, mainly on the continuing strength of sterling and reductions in U.S. markets overnight.

Demand for the metal in West Germany prompted a recovery later, but the decline resumed as the oil ministers came to agreement.

Three months wirebars lost £32 on the day, closing at £867.75 a tonne and cash metal slipped £31.25 to £850.75.

The impact on the tin market was less marked, however, the continuing shortage of nearby supplies of the metal and a modest upturn in Eastern markets combining to hold prices steadier.

Spot price for standard grade tin was up £2.5 at £7,960 a tonne while three months metal fell £5 to £7,135. Dealers in Kuala Lumpur said supplies of tin from the mines had slackened and buying from Japan, Europe and local interests had also contributed to the rise there.

There were sharp falls in aluminium prices, resulting mainly from speculators selling, cash metal lost £11.5 on the day, to close at £691.5 a tonne, while three months aluminium was £19.75 lower at £697.5 a tonne.

Platinum values also declined during the day, following the trend in the gold market. At the afternoon price fixing the metal was down £6.80 ($12.50) at £191.70 ($415.50) a troy ounce.

● In Washington, the Senate Armed Services Committee tentatively scheduled for July 10, hearings on legislation providing for the disposal of quantities of stockpiled tin, silver and industrial diamonds, reports Reuter.

The legislation was introduced last Monday at the request of the Administration. The Bill provides for the sale of 10,000 long tons of tin, 15m troy ounces of silver and 1,500,000 carats of industrial diamond stones.

UK bacon prices up again

By Our Commodities Staff

BACON PRICES will go up again in the shops next week following the announcement of record wholesale prices yesterday.

The Danish first-hand price was lifted £30 to £1,180 a tonne while British and Ulster prices rose £25 to £1,120 a tonne. The rises are equal to about 1p a lb when averaged over a complete side.

A spokesman for ESS-Food, the Danish bacon importer, said the Danish price rise was partly in anticipation of reduced EEC subsidies following last week's farm price deal.

But he said an equally important factor was the aftermath of the recent Danish dock strike. There was still a shortage of containers to ship bacon to Britain, and shipments were still running behind schedule.

Petrol fears hit rubber

By Our Commodities Staff

FEARS ABOUT the impact of oil price rises on petrol consumption in motor vehicles and the effects of rising production prompted a sharp drop in natural rubber prices in the Far East yesterday.

Prices on the London Physical market also fell.

The ex-warehouse price in Malaysia dropped 5 cents to 287 cents a kilo, while in London the spot price for Number 1 RSS rubber fell 1p to 61.50p a kilo. Forward prices also dropped 1p.

Wool prices remain firm

By Our Commodities Staff

WOOL PRICES remained firm at Australia's Adelaide, Sydney and Freemantle auctions yesterday.

At Adelaide, the trade bought 96.5 per cent of the 9,374 bales offering.

Of the 10,764 bales offered in Sydney, 90.5 per cent was bought by the trade, 1.5 per cent by the AWC and 8 per cent was passed in. At Freemantle, trade buying accounted for 85 per cent of the 13,256 bales offered, the AWC bought 1.5 per cent and 13.5 per cent was passed in.

EEC deal worth $5bn to farmers

BY MARGARET VAN HATTEM IN BRUSSELS

...ACT of last week's ...e settlement on the ...get—an extra $1.8bn ...to the EEC Commis... ...ot the whole story. ...to a new set of inde... ...mates, the result of ... will be to transfer ...bn from consumers ... within the Community ...

...n, consumers will pay $1.7bn of which only ... go to British ...ost of the rest goes ... food imports ... EEC budget.

...timates have been ... by The Economist ... with Prof. Stefan ... of the Goethe ... in Frankfurt, and ... week's edition of ...

...w, that as a result ...'s 1.5 per cent com... rise for all products ...gether with changes ... green currency rates ... year's price review, ... prices in national ... will rise by an ... 4 per cent in 1979-80.

For the EEC as a whole, this means farmers will get $5.189bn more and consumers will lose $5.939bn more. But the actual transfer of resources varies widely from country to country.

For both Britain and Italy, the higher cost to consumers more than offsets the gain to farmers because both countries are major importers of temperate foodstuffs.

In Britain, the prices package, together with the 5 per cent green pound devaluation approved in March, means a 12 per cent price rise for farmers —a rise in farm incomes of $1.308bn and a rise in the food bill of $1.764bn.

The figures imply an immediate loss to the balance of payments, which may be recouped within two to three years by expanded British production and lower consumption.

But, says Professor Tangermann, this will cut UK national income because consumers lose more than farmers gain. The volume of imported food will drop but the cost of imports will nevertheless rise.

EEC price rises, whether by common price rises or by green devaluations, turn the terms of trade against Britain.

For Italy, the other large food importer in the EEC, the picture is even worse. Italian farmers get an effective price rise of 11.5 per cent, a $1.656bn boost to their incomes. But Italian consumers will have to pay an extra $2.265bn.

France, on the other hand, gains from the settlement because it is a major exporter. Its consumers will have to pay an extra $1.731bn for food but its farmers, whose prices rise by 8.7 per cent, will get an extra $1.984bn.

Denmark, another food exporter, also does well. Although its farmers' prices rise by only 1.3 per cent, they get an extra $68m while consumer bills rise by only $33m.

Similarly Ireland, with a 1.4 per cent price rise, gets $38m more for farmers at a cost of only $18m to consumers.

Germany and the Benelux countries, with price rises of less than 1 per cent, come out more or less even.

FARMLAND

Rents outstripping profits

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

WHILE SOMETHING like half the farmland of Britain is tenanted the level of individual rents has been a fairly well-kept secret. For some time, though, rents have been rising and while individual holdings still cannot be identified, marked trends are becoming apparent.

The latest information comes from the 1978 rent inquiry by the Ministry of Agriculture and its advisory arm, ADAS. The average rent of all farms rose by 18.5 per cent between October 1977 and October 1978. Only 37 per cent of the farms in the survey had a rent change over the period but here the average charge increased by 54 per cent from £31 to £48 a hectare. In percentage terms the latest increase has been the steepest rent change since 1970, when it was no more than 16 per cent.

The rents do reflect land quality to some extent. Farms in the North have been averaging £31 a hectare and £58 in the East. But the percentage increase has been much the same throughout the country. There are great variations in rent levels and these appear to depend on the method of rent fixing.

Most rents are agreed between landlords and sitting tenants. These have complete security subject to carrying out their agreements, and their families also have rights of succession. These still appear to have the lowest rents, the average being about £48 a hectare and they represent more than 90 per cent of all rent changes.

Only a small number of rented farms change hands each year, and the new rents, according to the survey, show marked increases over those of sitting tenants, in some cases running up to 96 per cent.

An important influence on rent increases has been the comparatively small number of farms which have been either let by open tender to new tenants or where the landlord or tenant have appealed to arbitrators to decide the rents.

Only 54 farms in the sample out of 8,400 were let by tender, and the rent fixed averaged £103 a hectare and represented an average rise of 218 per cent. This, of course, reflects the scarcity of farms to let, and the determination of the large number of prospective farmers to get into the industry.

The importance of these tendered rents far exceeds their number because under the 1958 Act the instructions to arbitrators laid down that the criteria for their award would be a rent agreed on the open market between the landlord and tenant —a fair indication of what a farm is worth on the open market.

It is not certain that all arbitrators follow this to the letter, but in the 18 arbitration cases reported in the survey, rents increased by 93 per cent. In the light of this evidence, most sitting tenants try to reach a compromise with their landlords.

Tenants tell me that at the start of negotiations, which can take place every three years, some agents used the threat of arbitration and emphasise these criteria in order to get agreement.

Farmers are not happy about this arrangement, and the NFU would like some alteration in the formula based on the productivity or profitability of the type of farm. They argue that the tendered rents are based on a sort of "key money" principle and that many farmers tendering have other land over which to average the increased rent, or have other resources which would make their rent irrelevant.

This is undoubtedly true, but short of holding an inquiry into the circumstances of each tender, it is difficult to see what could be done. The farmers' case has been weakened by the fact that tendering has been going on for about 15 years. Reports of rents bid have been, in the eyes of the neighbours, astronomical, disaster has been forecast, but rarely strikes.

Somehow they have been absorbed.

The rent rises seem to have stemmed from the date of Common Market entry. From 1970-71 to 1972-73 the annual overall rent increases averaged no more than 5 per cent. Since then they have averaged 18 per cent, which means effectively doubling every five years. Can they go on increasing at the present rate?

Land prices are rising, and at £2,000 a hectare for the best let land, rents by tender of £100 a hectare do not show more than 5 per cent return. This represents about 25 per cent of average gross return from the main arable crops excluding potatoes and beet which are of limited acreage.

Other costs are rising fast—labour, machinery, fertilisers and sprays—all of which are largely outside farmers' control. The same applies to dairy farming.

Price rises are not increasing at anything like the same rate. Even after last week's Luxembourg review and a double "green pound" devaluation, there was only an 11½ per cent increase in cereals and sugar beet, very little on milk and nothing certain on pigs and poultry. If this trend continues, farmers' easy acceptance of rent increases on the immediate past scale could well change to a much firmer stance.

Drought threatens Botswana beef

BY QUENTIN PEEL IN GABORONE

PRODUCTION OF cereals in Botswana, where maize and sorghum are the staple diet, has been cut to 15 per cent of normal levels by widespread drought.

Agricultural advisers fear the country's cattle industry, the mainstay of Botswana economy, with half its beef exports going to the European Community, could also be drastically affected if the drought persists.

A national drought emergency was declared at the beginning of June by the President, Sir Seretse Khama, to mobilise drought relief to the worst affected areas. With the annual harvest now completed, only 15,000 to 16,000 tons of cereals have been produced, compared with an annual average of around 100,000 tons, and consumption of 200,000 tons.

While Botswana expects to buy its normal import requirements commercially, mostly in South Africa, it has appealed to the World Food Programme to make up the exceptional shortfall. Its difficulties come on top of serious food shortages throughout Southern Africa, with Zambia needing some 200,000 tons of maize, Mozambique importing heavily and South Africa's traditional surplus much reduced by the low rainfall.

Botswana Government officials are keen not to over-emphasise the emergency at present, because they believe there is a real danger of a prolonged drought lasting several years which is the traditional pattern in this semi-desert country. If that happens they expect Botswana's relief requirements to grow.

The cattle population is currently at an all-time high of between 3.5m and 4m after four or five good years.

Surface water in some areas has already been exhausted, at the very start of the traditional dry season, and first reports of cattle deaths have already been received in the capital.

Botswana's cattle industry has already been seriously hit by the outbreak of foot and mouth disease in the north in 1977, which resulted in a suspension of all beef exports to the EEC. Exports from the area of the outbreak have still not been resumed, and they are also restricted from neighbouring areas.

Traders expect bigger Indian cotton crop

BOMBAY — India's cotton production will reach a record 7.8m to 7.9m bales of 170 kilos in the year to August, trade sources said here yesterday.

A preliminary official forecast put the crop at 7.6m to 7.7m bales against 1977-78 output of 7.1m bales.

Most of the 1978-79 crop has been marketed, except for the southern producing state of Tamil Nadu which has two cotton crops in the year and Karnataka, where power cuts have halted cotton ginning.

Preliminary reports suggest cotton plantings for the 1979-80 season, now under way in northern and western India, have risen five to seven per cent in the Punjab, Haryana and Northern Rajasthan region which produces about 30 per cent of the country's cotton.

BRITISH COMMODITY MARKETS

BASE METALS

COCOA

COFFEE

GRAINS

SILVER

RUBBER

EASIER OPENING on the London physical market. Fair covering orders at lower levels, closing quiet. Lewis and Peat reported a Malaysian godown price of 287 (292) cents a kilo (buyer, ...

SOYABEAN MEAL

SUGAR

WOOL FUTURES

COTTON

MEAT/VEGETABLES

PRICE CHANGES

In tonnes unless otherwise stated.

INSURANCE BASE RATES

AMERICAN MARKETS

NEW YORK, June 28.

EUROPEAN MARKETS

INDICES

FINANCIAL TIMES

MOODY'S

REUTERS

DOW JONES

Tap stock activation and oil news generates better feeling in Gilt-edged stocks and in equities

Account Dealing Dates

Option

*First Declara- Dealings	Last tions	Account Dealings	Day
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7

* "New time" dealings may take place from 9.30 am two business days earlier.

Encouraged by events in the Gilt-edged market, where revived investment demand enabled the Government broker to activate for the first time both the short-medium and long tap stocks, leading shares yesterday edged forward on selective buying which partly reflected bear-covering. The steadier tone also mirrored relief that the crude oil price increases proposed by OPEC were slightly less than some forecasts.

Immediately dealings began in the funds, the short-medium tap Treasury 12 per cent 1984, £95 paid, was activated at 50¼ with demand emanating from overseas and local sources, although much of the domestic trade was believed to be switching and not straight business. The Government broker subsequently withdrew from selling supplies at 50⅛ and was not tested at a higher level.

Later in the day, he was able also to operate the £15-paid longer issue Exchequer 12½ per cent A 1999 in a small way at £15½ because prior events had promoted a better feeling in the market generally. This was mainly confined to the medium/longs which regained various amounts extending to ½. The shorts improved only marginally, being held back by switching slightly longer, but were extending the movement after the official close of business.

The absence of any meaningful "new-time" buying following the early short-covering was disappointing, but partly countered by selective features such as Unilever, which jumped 18 to 594p on news that the unpaid balance of declared dividends amounting to 35p per Ordinary share is to be paid; at the same time, the company announced that it was negotiating with BAT Industries the possible merger of the supermarket operations of both concerns.

Another major attraction in equities was first-time dealings in Standard Telephones and Cables new shares which opened at an impressive premium of 20p on the issue price of 160p. Being many times oversubscribed, the issue was expected to go well and the ensuing activity fulfilled these hopes. Recognising the well-balanced nature of the day's trade, the price fluctuated between the limited range of 182p and 178p before closing at the latter level.

Unfounded rumours of a pending announcement regarding exchange control regulations aroused a brief flurry of activity in investment currency and rates eased to 33⅞ per cent before *steadying to close a net ½ lower* at 34½ per cent. Yesterday's SE conversion factor was 0.6920 (0.6926).

A further contraction of business in Traded Options saw a total of 468 deals completed compared with the previous day's 604 and last week's daily average of 520. Courtaulds attracted most attention, recording 72 trades, while other active counters included Cons. Gold Fields with 59, BP 57 and Shell 51.

Banks firmer

The major clearers fluctuated narrowly before settling for gains of a couple of pence. Elsewhere, lack of support left Anthony Gibbs 3 cheaper at 38p and King and Shaxson 2 off at 66p. Overseas influences were reflected in Bank of New South Wales which added 8 to 208p and in Commercial Bank of Australia which firmed 4 to 140p. Second thoughts about the annual results left Cattle's better at 33½p after Wednesday's loss of 1½.

Easier at the outset, selected Insurances picked up and closed with modest gains. General Accident reversed an initial fall of 4 to close 2 dearer on balance at 208p, while Royals improved 7 to 332p and Guardian Royal Exchange added 4 to 228p.

Leading Breweries tended a shade firmer in quiet trading with Bass, 212p, and Whitbread, 121p, both closing 3 better. Vaux, however, shed that amount to 158p: the annual results from close North-eastern competitors *Scottish and Newcastle are due* on Thursday and could reveal inroads into the former's free trade business. Distillers, at 211p, recovered 3 of the previous day's fall of 5.

Trading statements were responsible for prominence of certain Building issues. A steady market awaiting the annual results, Redland touched 179p on the announcement before settling a couple of pence higher on balance at 176p. The sharply higher annual profits prompted a gain of 6 to 46p in Brownlee, but the interim loss left Whatlings 3 cheaper at 28p. J. Booth improved 2 to 58p in response to the preliminary results. Elsewhere, Press comment stimulated a small two-way trade in Brown and Jackson which finished 5 cheaper at 255p. Magnet and Southerns, at 170p, recovered 5 of the previous day's fall of 11, while BPB added 6 more to 302p in continued response to the impressive results.

Down to 346p in early dealings, ICI picked up to 348p before ending at 347p for a net fall of a penny. Fisons improved 2 to 350p.

Burton feature

Burton provided a spark of interest in a lacklustre Stores sector, renewed enfranchisement hopes and new-time buying lifting the A 16 to 260p, while the Ordinary spurted 20 to 310p and the Warrants put on 8 to 109p. Other leaders drifted downwards, Mothercare losing 4 at 170p and Gussies A 2 to 352p. Dealings were resumed in Hardy Furnishers following the revised offer terms from Harris Queensway, the Ordinary closing at 129p, and the A at 115p, close to the offer prices of 130p and 120p respectively; Harris shed 7 to 225p on the announcement. Lee Cooper jumped 14 to 297p in a thin market following Wednesday's annual meeting, while John Michael added 3 to 41p helped by acquisition news. Bambers, on the other hand, again met small selling and eased 5 to 125p. Among Shoes, Stead and Simpson firmed a penny to 52p following the annual results.

Preliminary figures above market estimates prompted firmness in Plessey which improved to 108p before closing up 4 on balance at 105p. Elsewhere in leading Electricals, GEC took a marked turn for the better and rallied 10 to 356p, but Thorn closed only 3 firmer at 405p, after 408p. EMI hardened 2 to 100p. Among secondary stocks, Sound Diffusion moved up 7 to 123p in response to the proposed rights issue and dividend forecast, but disappointing annual results left Electrocomponents 10 down at 443p. Decca A revived at 287p, up 13, while fresh support left Campbell and Isherwood 5 higher at 123p. Still reflecting good preliminary figures, MK Electric hardened 3 further to 248p.

Engineering leaders fluctuated narrowly before closing without much alteration. Awaiting today's preliminary statement, John Brown closed unchanged at 493p, after 496p. Elsewhere, Baker Perkins revived after recent dullness and gained 7 to 155p, but B. Elliott, down 4 further at 230p, remained on offer following the annual results and proposed rights issue. Better-than-expected preliminary results, however, prompted a gain of 12 to 110p in Renold, but Brown and Tawse met with selling and gave up 7 to 130p.

Leading Foods attracted a better business than of late, but price changes were usually restricted to a penny or so in either direction. Elsewhere, demand ahead of the annual results due on July 12 lifted Lennons 2 to 38p, while some interest was shown in William Morrison which added 3 to 164p. Press comment failed to stir Fitch Lovell, 60p, but renewed speculative buying was apparent for Cartiers which firmed 3 to 125p. On the other hand, Bishop's Stores, at 185p, gave back half of the previous day's gain of 10 and Cullens cheapened 4 to 126p.

Renewed investment support was forthcoming for leading Hotels and Caterers with Grand Metropolitan hardening 2 to 133p and Trusthouse Forte firming 3 to 160p. Ladbroke also added 3, to 210p, but uninspiring annual profits left Norfolk Capital 2 cheaper at 45p.

Unilever feature

Unilever, up 18 at 594p, on the decision to pay on August 1 the backlog of dividends declared but unpaid, provided the main feature in the miscellaneous Industrial leaders. Beecham firmed 5 to 533p and Pilkington 5 to 310p, but Reckitt and Colman eased a few pence further to 432p. Still reflecting disappointment with the annual results, Chubb eased 4 for a two day fall of 13 to 140p. Other dull spots included Dunbee-Combex, 4 cheaper at 60p, and Camrex 3 off at 39p. Harris Lebus were suspended at 35p: a recommended bid worth approximately 40p a share from FMA Holdings was subsequently announced. FMA eased a penny to 115p. Jenks and Cattel closed 3 higher at 84p: Armstrong Equipment *announced yesterday that it had* extended its offer until July 12, but reiterated that its bid of 81p per share will not be increased.

Still reflecting the annual results and dividend increase, Trident TV A added a penny more to 63p. Elsewhere in the Leisure sector, demand in a thin market lifted Plumpton Racecourse 10 to 53p, but further small offerings left Horizon Midlands 7 cheaper at 155p.

Heron Motor continued to rally from Tuesday's drop following suspension, adding 3 for a two-day gain of 7 at 54p. Elsewhere among mixed Distributors, Lookers, 56p ahead of the announcement, closed a net 2 down at 53p following the lower mid-term profits.

Although trade remained fairly thin, leading Properties steadily improved. Land Securities finished 5 to the good at 283p and MEPC closed 6 up at 167p. Great Portland Estates picked up 4 to 294p, while Stock Conversion improved 6 to 352p. Capital and Counties added a penny to 36p: Press suggestions that Star Corporation may sell its near-30 per cent stake in the company to Costain made no apparent impact.

Oil erratic

Oil shares passed a volatile trading session. Firm initially at 386p, Shell drifted back on profit-taking to 380p before returning to 386p for a rise of 8 on the day; the late recovery was helped by hopes that the company will follow Unilever's decision to distribute its backlog of unpaid dividends. British Petroleum followed a similar pattern and finished 10 to the good at 1,266p. Among secondary issues, Ultramar firmed 8 to 328.

Among Shippings, Furness Withy closed 6 off at 280p following the defeat of the KCA/Eurocanadian proposals at yesterday's annual meeting.

Bats, having reported good interim results on Tuesday, were further buoyed by news that talks are in progress with a view to the possible merger of its loss-making International Stores subsidiary with Unilever's Mac-markets chain. Bats rose 8 to 278p, while the deferred advanced a like amount to 258p.

Golds lose ground

A sharp decline in the bullion price following the proposed OPEC oil price increases and the rally in the dollar prompted widespread losses in South African gold shares.

Prices drifted in the morning owing to lack of interest and lack of fresh pressure by the bullion price. In the afternoon, however, persistent American selling emerged following the recovery in the dollar and Golds were quickly marked down to close at the day's lowest.

A notable exception to the general trend was Vlakfontein, which advanced strongly to touch a 1979 high of 90p before closing 6 firmer on balance at 80p following rumours of a possible deal concerning the mine's waste dumps.

News of the oil price increases and a strong domestic market resulted in sharp gains in Australian energy related stocks.

The Rundle oil-shale partners continued to attract support with Central Pacific another 10 better at a 1979 high of 530p and Southern Pacific 20 to the good at a high of 325p.

MIM Holdings jumped 11 to 190p in response to the announcement that the company had encountered traces of hydrocarbons in its first Exmouth Plateau well. Cultus Pacific, which has an interest in the Exmouth Plateau, rose 3 to 19p following speculative support.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	175	—	195	5	260	—	1265p
BP	1150	125	—	153	3	—	—	
BP	1200	78	2	122	3	185	—	
BP	1300	30	36	72	1	135	10	
Com. Union	140	8	—	14	—	30	12	143p
Com. Union	160	1½	—	6	1	10	—	
Cons. Gold	220	8	—	19	—	28	1	216p
Cons. Gold	240	1½	11	10	8	16	4	
Cons. Gold	260	1	—	5	10	11	—	
Cons. Gold	280	½	—	2½	5	7	—	
Courtaulds	90	4	5	9	—	11	13	90p
Courtaulds	100	1½	—	5	—	6½	2	
Courtaulds	110	½	—	2	—	4	—	
Courtaulds	120	½	—	1½	50	2½	—	
GEC	330	35	10	50	—	66	—	354p
GEC	390	5	5	17	—	35	15	
GEC	460	½	—	5	—	14	10	
Grand Met.	120	9	6	16	6	25	—	133p
Grand Met.	156	1	—	4½	7	9	—	
ICI	330	26	3	34	—	43	—	346p
ICI	360	7	20	16	—	26	—	
ICI	390	1½	—	7	10	17	—	
Land Secs.	300	3	—	4	—	26	—	283p
Land Secs.	330	½	—	7	1	16	—	
Marks & Sp.	90	22	—	25	1	—	—	111p
Marks & Sp.	120	2½	—	7	10	12	—	
Shell	325	66	—	73	5	—	—	386p
Shell	350	41	—	52	5	58	—	
Shell	375	23	—	36	2	46	—	
Shell	400	11	31	20	—	37	8	
Totals			129		156		75	
		August		November		February		
BOC Intl.	70	7½	50	10½	5	13	—	75p
Boots	200	6	—	15	15	19	—	191p
EMI	100	12	—	17	1	23	—	100p
EMI	110	8	2	13	—	17	—	"
EMI	140	1½	5	5	—	—	—	"
Imperial Gp.	110	½	—	2½	4	—	—	91p
RTZ	260	25	5	38	—	46	—	275p
RTZ	300	9	—	21	11	29	—	"
RTZ	330	3	—	12	30	20	—	"
Total			42		66			

FINANCIAL TIMES STOCK INDICES

	June 28	June 27	June 26	June 25	June 22	June 21	A year ago
Government Secs.	70.81	70.57	70.88	70.60	70.76	70.74	68.26
Fixed Interest	72.49	72.25	72.27	72.25	72.04	72.01	71.34
Industrial	469.3	464.9	475.2	473.4	476.0	474.5	457.2
Gold Mines	174.4	178.0	178.4	185.0	185.4	186.6	162.4
Gold Mines(Ex-$ pm)	156.6	158.9	161.5	165.1	163.0	161.5	106.9
Ord. Div. Yield	5.97	6.00	5.90	5.93	5.94	5.97	5.80
Earnings, Yld. % (full)	16.27	16.37	16.07	16.10	16.16	16.26	17.69
P/E Ratio (net) (*)	7.84	7.79	7.92	7.89	7.88	7.85	7.56
Total bargains	—	16,100	14,547	15,421	14,955	16,490	14,147
Equity turnover £m	—	67.46	71.15	60.11	68.63	85.96	86.28
Equity bargains total	—	10,702	11,778	11,127	10,393	11,371	12,090

10 am 466.8. 11 am 469.2. Noon 469.2. 1 pm 469.2. 2 pm 469.3. 3 pm 469.1.

Latest Index 01-246 8026.

* Nil=7.53.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.91 (4/5)	64.64 (6/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (18/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (17/4)	129.9 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (4/6)	95.2 (2/1)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	June 28	June 27
—Daily		
Gilt Edged	133.4	119.3
Industrials	131.7	138.7
Speculative	22.8	34.7
Totals	87.5	92.9
—5-day Av'rage		
Gilt Edged	114.0	112.4
Industrials	128.8	132.6
Speculative	27.7	27.3
Totals	83.6	82.6

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (7)

BRITISH FUNDS (1)
Exchequer 12½pc '99 "A" (£15pd.)

STORES (1)
Michael (J.)

INDUSTRIALS (1)
Evergreen

SHIPPING (2)
Reardon Smith Do. 'A'

OILS (1)
Attock Petroleum

MINES (1)
Minorco

NEW LOWS (64)

FOREIGN BONDS (2)
Greek 7pc Ass. Greek 6pc Mixed
Greek 6pc 28 Stab. Ass.

AMERICANS (8)
ASA Ingersoll-Rand
Barnes Group Kaiser Aluminium
Browning-Ferris Republic New York
Hutton (E.F.) Utd. Technologies

CANADIANS (1)
Bell Canada

BANKS (2)
Bank Leumi Gibbs (A.)

BUILDINGS (4)
Aberdeen Const. Mowlem (J.)
[illegible] Whatlings

CHEMICALS (3)
Anchor Chem. Hickson & Welch
Croda Intl.

STORES (1)
Liberty N/V

ELECTRICALS (1)
Sony

ENGINEERING (8)
Birmid Qualcast Ley's Foundries
Hunt & Moscrop Neill (J.)
Johnson Firth Brown Stothert & Pitt
Lee (A.) Woodhouse & Rixson

HOTELS (1)
Comfort Intl.

INDUSTRIALS (8)
Camrex [illegible]
[illegible] Reckitt & Colman
Hestair [illegible]
Hogg Robinson [illegible]
Sedgwick Forbes Wills Faber

MOTORS (1)
Adams & Gibbon

NEWSPAPERS (1)
Wilson Bros.

SHOES (1)
Pittard

TEXTILES (3)
Beales (J.) [illegible]
British Mohair [illegible]

TRUSTS (6)
Dominion & General [illegible]
F. & C. Eurotrust [illegible]
Scottish Eastern Inv. [illegible]

OVERSEAS TRADERS (1)
Ocean Wilsons

RUBBERS (1)
Highlands

MINES (1)
Southern Pacific

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	75	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	10	8	47
Industrials	210	283	919
Financial and Prop.	96	80	328
Oils	15	6	17
Plantation	5	3	24
Mines	22	53	87
Others	63	29	54
Totals	496	462	1,467

APPOINTMENTS

Main Board post at Dunlop

Dr. Alfred Spinks has joined the board of DUNLOP HOLDINGS as a non-executive director. Until his recent retirement, he was a member of the board of Imperial Chemical Industries responsible for research and development. Dr. Spinks joined ICI in 1941 as a research chemist, and later became a research pharmacologist. In 1966 he was appointed deputy chairman of the pharmaceutical division and a director of ICI in 1970.

A member of the advisory board for the Research Councils and a deputy chairman of the Advisory Council for Applied Research and Development, Dr. Spinks is also chairman of the Royal Society Engineering, technology and industries committee. He is a member of the governing body of Imperial College of Science and Technology, London.

Dr. Alfred Spinks

★

Mr. J. A. Lofthouse, who has been a director of IMPERIAL CHEMICAL INDUSTRIES since July, 1970, is retiring on March 31, 1980, after over 40 years with the company. He will continue as petrochemicals product director and explosives product director until that date, but he will be relinquishing his position as territorial director—the Americas at the beginning of next October. There will be a director resident in the U.S. from October 1, 1979, and Mr. R. Haslam, at present ICI's personnel director, will be taking on that appointment and with it the responsibility of territorial director—the Americas. He will be based in New York. Mr. F. Whiteley (agricultural division chairman) is to become a director from August 1, 1979, and he will take over as personnel director from Mr. Haslam.

★

Mr. Fernand Nakhle Saada has been appointed vice president (manager UK and Ireland) for MIDDLE EAST AIRLINES. He succeeds Mr. Fuad Bibby who is to become MEA's vice president (marketing) in the Gulf.

★

Mr. Andrew Hirst, area director of NATIONAL WESTMINSTER BANK'S Sheffield area office, has been appointed deputy regional director of the bank's West Midlands and Wales region. He succeeds Mr. Ray Oates who retires on June 30.

★

Mr. Rod Pattison has been appointed managing director from July 1 of CAPE INSULATION SERVICES, a Cape Industries' subsidiary. He succeeds Mr. Jim Laird who has taken up a new Board appointment with another company within the Cape Industries Group.

★

Dr. A. R. Cumming has become managing director of the pigments division of CIBA-GEIGY PLASTICS AND ADDITIVES COMPANY in succession to Mr. H. R. Hug who ha staken up a senior management appointment in Switzerland with Gretag AG, a wholly-owned subsidiary of CIBA-GEIGY *Limited, Switzerland.* Dr. P. J. Caveng succeeds Dr. Cumming as manufacturing director of the industrial chemicals division.

★

Mr. Robert Morley has joined McGREGOR PLASTICS as chairman.

★

Mr. H. T. A. Hastie has been appointed a director of MURRAY JOHNSTONE and Murray Johnstone Unit Trust Management from July 1. He was previously a partner of Whinney Murray and Co.

★

Mr. S. W. Glass will retire from the Board of YEOMAN INVESTMENT TRUST and its subsidiaries on July 24. Mr. N. W. Berry, a director of R. E. Pilkington, the dealing subsidiary, will join the Board of Yeoman and its other two subsidiaries from that date. Philip Hill (Management) become secretaries to Yeoman when Mr. F. H. Brooke retires on July 1.

★

Mr. Richard H. Belton has become deputy managing director and Mr. Brian O. Burge, marketing director, of the STAG CABINET COMPANY from July 1.

★

Mr. F. A. S Porter, group treasurer, joins the Board of the LAIRD GROUP on July 1 as finance director. Mr. D. N. Dow, at present finance director and commercial director, continues as commercial director.

★

Sir Derek Ezra has been appointed chairman of the KEEP BRITAIN TIDY GROUP from October 3. He will take over from Mr. Tony de Boer, chairman of the group since 1969 who will become a vice-president.

★

Mr. Arthur E. Piper has been appointed general manager in the London office of AMOCO (UK) EXPLORATION COMPANY. He succeeds Mr. C. M. Carr, who has transferred to Amoco International Oil Company in Chicago, U.S., as vice-president, negotiations. Mr. Piper joined the group in 1948 and since 1975 has been general manager of Amoco Iran.

★

Mr. Kenneth S. Gordon has been appointed by HUYCK EUROPE INC., the European division of the American Huyck Corporation, as director of manufacturing from July 1. He will be based in Whitstable, Kent. Mr. Gordon was previously resident in Austria as managing director of the company's operations in that country.

★

Mr. *Colin Ganderton has been* appointed managing director of J. JOHN MASTERS AND CO. He was previously with Dymo.

★

Mr. Richard Hall has been appointed to the Board of HELICAL BAR. Mr. Hall is chairman of the Hall Engineering Group.

★

Mr. Herman Schaller has been appointed by COATS PATONS as overseas trading consultant to its garments division to assist in developing the company's garments business on a world

★

Mr. F. G. Gifford and Mr. K. J. Shulman have been appointed directors of the EQUINE AND LIVESTOCK INSURANCE COMPANY.

★

Mr. *John Platford* has been appointed a director of LANDER HEYWOOD, the Lloyd's brokers associated with the H. Stephenson Insurance Broking Group to manage and develop a newly established international department.

★

Mr. John Davies has resigned as a director and company secretary of EDMUND NUTTALL SONS AND CO. (MANCHESTER) and as a director of its subsidiaries. Mr. J. R. T. Hockin has been appointed company secretary of the parent concern.

★

Mr. Bryan Jefferson will become president of the ROYAL INSTITUTE OF BRITISH ARCHITECTS in place of Mr. *Gordon Graham on July 1* Mr. Jefferson is a partner in Jefferson Sheard and Partners.

★

Mr. John Paulin, a district manager, branch administration, East Area, of the BANK OF SCOTLAND has been appointed chief inspector of the bank as an assistant general manager.

★

Mr. Kenneth Childs has been appointed a deputy chairman of WILLIS FABER the group holding company, and also of Willis Faber and Dumas the main insurance broking company. Mr. V. H. Bennett, Mr. A. G. Duncan, Mr. E. H. J. Hare and Mr. A. J. South have become directors of Willis Faber and Dumas. Mr. Childs will continue as chairman and managing director of the international division of Willis Faber.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30

For rate indications see end of Share Information Service

Calls were dealt in Britannia Arrow, Spillers, Premier Oil, Homfray, Leslie Gold, Adwest, Burton Warrants, Charterhall, Mining Supplies, Baker Perkins, Trust House Forte Warrants, Keyser Ullmann and Town and City. No puts were reported, while double options were completed in Dunlop, Ladbroke and New Throgmorton Warrants.

ACTIVE STOCKS

Stock	Denomina-tion	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	17	1,266	+10	1,295	882
Stand. Tel. Cables	25p	12	179	—	182	178
BAT Inds.	25p	10	278	+ 8	362	263
Burmah Oil	£1	8	134	+ 2	135	82
LASMO	25p	8	258	—	264	124
Tricentrol	25p	8	248	+ 2	254	148
ICI	£1	7	347	— 1	415	346
Legal & General	5p	7	157	— 2	190	138
RTZ	25p	7	274	—	362	226
Royal Dutch	F1.20	7	£37⅝	+ ⅛	£47⅞	£36½
Dowty	50p	6	318	+ 1	357	252
GEC	25p	6	356	+10	456	311
GUS A	25p	6	352	— 2	448	288
Shell Transport	25p	6	386	+ 8	402	278
Spillers	25p	6	39½	—	49½	30½

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or —	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	81	......	2.46	2.8	5.0	17.4
‡115	F.P.	—	207	137½	‡‡Baker (John)	197	......	12.0	—	9.1	—
66	F.P.	—	76	66	‡‡Deltight 10p	72	—2	bd3.5	2.9	6.9	7.2
[illegible]	F.P.	22/6	53	51	Fulcrum Inv. Income	51½	......	4.0	—	11.6	—
[illegible]	F.P.	22/6	4½	3	Do. Capital 2½p	3¾	—¼				
[illegible]	F.P.	—	57½	36	Rock Darham	38	......	Q1.80	—	5.7	—
[illegible]	F.P.	—	£15½	£15¾	Security Pacific Crp.	£15⅞	......	8.0	2.1	6.4	10.8
160	F.P.	—	182	178	StandardTel.&Cables	179					

FIXED INTEREST STOCKS

Issue Price p:	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or —
100	F.P.	27/7	110½	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	110	......
100	F.P.	26/6	102	91	Marsh'll's Univ'rs'l 7¾% Cnv.Cum.Red.Prf.	91	—1
100	F.P.	30/8	102	100	Portsmouth Water 8% Red. Prf. 1984	101	......
98	F.P.	23/8	98¼	95½	York Water 12% Deb 1986	96	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ◻	1979 High	1979 Low	Stock	Closing Price p:	+ or —
36	Nil	9.7	10.8	4pm	1pm	Causton Sir (J.)	1½pm	......
65	nil	—	—	18pm	17pm	Century Oils	17pm	—1
22½	Nil	10.7	10.8	6pm	2½pm	Combined English Stores	2¼pm	......
55	F.P.	8/6	6/7	51	40	Edwards (Louis C.)	40	—2
100	Nil	—	—	38pm	33pm	Geevor Tin	35pm	......
126	F.P.	29.6	10.8	142	131	Grand Metropolitan	133	+2
155	Nil	—	—	42pm	27½pm	Holt Lloyd Intl	42pm	+2
110	Nil	6.7	7/9	3pm	1pm	Intl. Timber	1pm	......
154	F.P.	22.6	27/7	171	157	MEPC	165	+8
105	Nil	—	—	3pm	1pm	McCorquodale	2½pm	......
85	F.P.	—	—	121	101½	P.M.A. Holdings	116	......
210	Nil	22/6	20 7	60pm	40pm	Peterson Tennant	40pm	......
20	F.P.	—	—	43½	29	Provincial Laundries	38	—1
60	F.P.	29/6	20/7	86	81	Scotcros	84	+1
115	F.P.	11/6	2/7	136	120	Scot. Met. Prop	120	—1
265	F.P.	15/6	27/7	395	270	Simon Engineering	280	......
150	F.P.	15/6	13/7	156	142	Smurfit (Jefferson)	150	+1
455	F.P.	4/6	6/7	507	470	Standard Chartered Bank	475	—2
138	F.P.	18/6	9/7	148	131	Tilling (Thomas)	152	......
175	F.P.	23/5	4/7	254	210	Tricentrol	246	......
93	F.P.	7/6	13/7	105½	92	UDS	93	+1
87	Nil	—	—	15½pm	7pm	W.G.I.	11pm	......
20	F.P.	19.6	13/7	25½	18	Weeks Associates	18	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ◻ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thurs., June 28, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., June 27 Index No.	Tues., June 26 Index No.	Mon., June 25 Index No.	Fri., June 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	241.27	+0.8	17.60	5.55	7.44	239.46	241.96	241.73	243.17	208.88
2	Building Materials (27)	222.72	+0.6	17.99	5.62	7.42	221.45	222.78	222.61	225.32	184.95
3	Contracting, Construction (28)	353.54	—0.3	25.36	5.88	4.97	354.49	358.14	359.66	360.92	335.29
4	Electricals (14)	579.23	+2.5	13.32	3.25	10.34	565.33	574.52	573.20	576.81	446.46
5	Engineering Contractors (12)	361.85	+0.5	20.03	6.35	6.39	360.17	362.00	360.56	360.51	307.53
6	Mechanical Engineering (75)	182.31	—	18.12	6.17	7.17	182.32	184.14	184.01	184.95	166.49
8	Metals and Metal Forming (16)	165.72	—0.4	19.52	9.03	6.42	166.33	167.54	167.37	168.26	160.04
	CONSUMER GOODS										
11	(DURABLE) (52)	227.74	—0.2	15.39	4.86	8.53	228.10	230.53	230.19	231.56	190.86
12	Lt. Electronics, Radio, TV (16)	310.40	—0.3	12.06	3.64	11.64	311.27	314.48	313.94	315.80	223.56
13	Household Goods (12)	157.93	—0.9	17.88	7.10	7.35	159.37	159.99	159.88	161.46	171.88
14	Motors and Distributors (24)	116.90	+0.3	22.30	7.10	5.47	116.58	118.09	117.96	118.55	121.61
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	232.65	+0.8	16.31	5.69	7.77	230.82	234.06	233.09	234.67	195.12
22	Breweries (14)	268.08	+0.7	15.49	5.51	7.63	266.12	270.75	270.00	270.43	220.[illegible]
23	Wines and Spirits (6)	297.77	+1.3	15.78	4.85	9.24	294.03	300.80	300.49	300.40	248.70
24	Entertainment, Catering (17)	305.68	+1.3	16.27	6.60	8.10	301.69	306.66	302.74	303.69	247.08
25	Food Manufacturing (19)	214.93	+1.3	18.39	5.09	6.76	212.20	214.80	213.79	214.46	190.16
26	Food Retailing (15)	291.35	+0.4	12.04	4.08	10.32	290.25	295.20	293.62	292.96	196.94
32	Newspapers, Publishing (12)	427.53	+0.1	21.85	6.81	6.49	426.96	429.77	428.45	429.68	373.57
33	Packaging and Paper (15)	128.00	+0.3	23.26	8.33	5.56	127.57	128.48	128.75	129.14	130.78
34	Stores (41)	234.15	+0.3	12.06	4.18	11.09	233.45	235.84	235.69	239.39	176.12
35	Textiles (23)	162.21	+1.0	22.18	9.32	5.77	160.68	164.64	164.15	164.94	168.32
36	Tobaccos (3)	240.03	+1.6	23.26	8.94	4.96	236.14	239.70	236.69	238.68	238.19
37	Toys and Games (6)	72.69	—1.9	31.13	8.94	3.85	74.12	74.64	74.63	74.40	105.76
41	OTHER GROUPS (99)	200.83	+0.2	15.83	6.13	7.83	200.39	202.12	201.59	202.23	191.86
42	Chemicals (18)	281.96	—	18.00	6.70	6.49	282.09	285.71	284.61	286.00	276.39
43	Pharmaceutical Products (7)	216.56	+0.8	12.69	5.04	9.81	214.89	217.23	216.62	216.50	249.08
44	Office Equipment (6)	119.03	+0.1	17.22	6.60	7.33	118.89	118.84	119.31	119.93	127.30
45	Shipping (10)	451.87	—0.3	10.30	6.64	12.99	453.25	457.09	463.52	458.74	410.19
46	Miscellaneous (58)	239.76	+0.3	16.19	5.96	8.04	239.05	240.34	239.93	240.33	197.78
49	INDUSTRIAL GROUP (494)	233.85	+0.6	16.45	5.69	7.75	232.51	235.21	234.55	235.88	203.87
51	Oils (6)	701.55	+1.4	11.24	2.99	9.46	691.99	702.09	699.54	678.80	478.03
59	500 SHARE INDEX	271.24	+0.7	15.46	5.18	8.02	269.28	272.56	271.75	271.47	226.57
61	FINANCIAL GROUP (116)	186.23	+0.4	—	5.43	—	185.52	187.56	188.04	189.30	156.25
62	Banks (6)	228.67	+0.5	29.13	5.08	4.44	227.62	231.17	232.33	230.73	178.45
63	Discount Houses (10)	253.71	+0.2	—	7.23	—	253.24	252.96	251.72	250.99	202.55
64	Hire Purchase (5)	158.33	—0.6	20.98	5.48	6.14	159.33	162.30	165.53	165.46	137.92
65	Insurance (Life) (10)	150.29	—1.7	—	6.77	—	152.96	154.97	155.23	157.45	127.92
66	Insurance (Composite) (8)	121.89	+1.2	—	7.41	—	120.48	121.47	120.91	123.78	119.96
67	Insurance Brokers (10)	256.19	—0.8	19.61	7.17	7.30	258.16	261.48	263.84	268.41	321.31
68	Merchant Banks (14)	95.97	—0.2	—	5.45	—	96.20	96.15	97.32	97.44	76.90
69	Property (43)	334.95	+1.1	3.18	2.63	48.11	331.32	334.69	335.78	337.72	224.63
70	Miscellaneous (10)	120.74	—0.1	15.41	7.39	8.31	120.82	121.22	121.18	121.41	103.23
71	Investment Trusts (110)	208.99	+0.1	—	5.33	—	208.79	210.02	210.42	210.89	206.55
81	Mining Finance (4)	119.28	+0.1	16.74	6.31	7.26	119.15	119.37	120.37	123.15	96.25
91	Overseas Traders (20)	351.67	—	15.41	7.02	8.03	351.74	355.34	356.02	355.50	306.47
99	ALL-SHARE INDEX (750)	247.15	+0.6	—	5.29	—	245.65	248.46	248.10	248.33	208.50

FIXED INTEREST PRICE INDICES

	British Government	Thurs., June 28	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.76	+0.13	0.21	4.77
2	5-15 years	113.98	+0.39	—	5.81
3	Over 15 years	119.43	+0.47	—	7.30
4	Irredeemables	128.33	+0.76	—	7.24
5	All stocks	112.13	+0.33	0.08	5.95

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Thurs., June 28	Wed., June 27	Year ago (approx.)
1	Low Coupons	5 years	10.55	10.59	8.97
2		15 years	11.12	11.17	11.13
3		25 years	11.64	11.70	11.86
4	Medium Coupons	5 years	12.36	12.39	11.71
5		15 years	12.66	12.72	12.34
6		25 years	12.66	12.73	12.40
7	High Coupons	5 years	12.57	12.63	11.81
8		15 years	13.01	13.07	12.83
9		25 years	12.98	13.05	13.04
10	Irredeemables		11.40	11.46	12.06

		Thurs., June 28 Index No.	Thurs., June 28 Yield %	Wed. June 27	Tues. June 26	Mon. June 25	Fri. June 22	Thurs. June 21	Wed. June 20	Tues. June 19	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.02	†13.02	56.94	56.92	56.93	56.96	56.96	57.00	58.31	67.19
16	Investment Trust Prefs. (15)	49.66	13.49	49.66	49.38	48.38	48.38	48.38	48.38	48.25	51.89
17	Coml. and Indl. Prefs. (20)	68.87	13.07	68.87	69.10	69.10	69.10	69.10	69.10	69.55	78.59

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$7.84		+0.07	—

Net asset value June 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£12.13	12.14	+0.03	12.23

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	117.0	121.0	.....	8.56

Next dealing July 2.

Gov't Secs. Tst.	92.0	95.5	.....	13.08

Next dealing July 2.

East & Intl. Tst. (C1)	100	107	.....	3.50

Next dealing date July 12.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	112.42	113.00	.....	8.19

Prices at June 21. Next sub. day June 27.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	[illegible]	60.24	-0.25	8.00

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	84.2	89.2	-1.2	4.50

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Keeg-Gee Management Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

Keyser Ullman Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4556

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	52.1	54.8	.....	2.75

Next dealing July 1.

Lloyds Trust Gilt	£10.09	10.10	.....	12.00

Next dealing July 4.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98½	94⅝	Treasury 3pc '79‡‡	97¾	+1/32	3.07	13.38
98½	95½	Electric 4¼pc '74-79	97¼	......	4.35	15.57
100¼	54⅝	Treasury 10½pc '79‡‡	99 1/16	......	10.60	13.02
12.29	94½	Electric 3½pc '76-79	96¾	......	3.62	12.35
99⅛	95⅞	Treasury 9pc 1980‡‡	97¾	+1/16	9.22	12.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.75	12.57

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

107	100	Do. 14pc '79	101	......	14.24	—
108¼	99¾	Do. 14pc '83	102¼	......	13.69	13.43
86½	77½	ICFC 5½pc Deb. '80-82	83	......	6.76	12.40
85	71½	Do. 6¼pc Db. '81-84	76	......	8.32	12.70
99	84½	Do. 10¼pc Uns Ln. '86	89½xd	......	11.73	12.90
99	84½	Do. 11pc Uns. Ln. '88	90xd	......	12.22	12.75
101½	84	Do. 11¾pc Uns. Ln. '90	92xd	......	12.77	13.28
72½	57	Do. 7¼pc A Deb. '89-92	63½xd	......	11.42	13.10
69	53½	Do. 7¼pc A Db. '91-94	64	......	11.73	13.10
81½	64½	Do. 9pc 'A' '91-94	75	−½	12.45	13.30
78½	62½	Do. 8¾pc Ln. '92-97	73½	......	12.69	13.45
101	95½	Do. 13¾pc Uns. Ln. 1992	97	......	13.26	13.45

FOREIGN BONDS & RAILS

AMERICANS

U.S. $ & DM prices exclude inv. $ premium

S.E. List Premium 117¼% (based on US$2.1615 per £)
Conversion factor 0.8920 (0.8926)

CANADIANS

S.E. List Premium 117¼% (based on $2.5210 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

£121	£75½	Deutsche Bank DM50	£75½	......	Q18%	—	3.1	—
90	63	F. C. Finance	65	......	2.2	4.9	4.8	6.0
8¼	5¼	First Nat. 10p	6	−½	—	—	—	0.4
4	2	Do. Wrts. 75-83	2¾	......	—	—	—	—
16¼	13½	Fraser Ans. 10p	13½	......	—	—	—	—
252	178	Gerrard Natnl	250	+2	9.12	—	5.2	—
62	39	Gibbs (A.)	39	−3	2.2	—	8.1	—
270	217	Gillett Bros. £1	258	......	16.95	—	9.4	—
29	19	Goode D't Mry. 5p	23	......	0.25	—	1.6	—
153	116	Grindlays	125	−1	3.07	7.5	3.5	3.9
120	97	Guinness Peat	98	......	H5.67	—	8.3	—
330	173	Hambros	296	......	10.92	—	5.4	—

Hire Purchase, etc.

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TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

A Sterling denominated securities which include investment dollar premium.
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
φ Figures or report awaited.
†† Unlisted security.
¢ Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♠ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
✠ Regional price.
II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979 P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Bertam	25	......
Bdg'wtr. Est. 50p	400	......
Clover Croft	28	......
Craig & Rose £1	£11½xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	68	......
Fife Forge	54	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	910	+5
Higsons Brew	78	......
Holt (Jos) 25p	260	......
I.O.M. Sm. £1	160	−5
Pearce (C. H.)	240	......
Peel Mills	30	......
Sheff. Refrshmt	87	......
Sindall (Wm.)	148	......

IRISH

Conv. 9% '80/82	£87⅞	......
Nat. 9¼% 84/89	£79½	......
Fin. 13% 97/02	£88½	......
Alliance Gas	65	......
Arnott	370	......
Carroll (P.J.)	111xd	+1
Clondalkin	86	......
Concrete Prods.	100	......
Heiton (Hldgs.)	81	......
Ins. Corp.	217	......
Irish Ropes	87½xd	......
Jacob	45	......
T.M.G.	190	......
Unidare	83	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	22	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	22	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	8½	**Mines**	
Guardian	24	Spillers	4½	Charter Cons.	16
G.K.N.	28	Tesco	7	Cons. Gold	20
Hawker Sidd	26	Thorn	35	Rio T. Zinc	27
House of Fraser	18	Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday June 29 1979

Merger will form 'largest' U.S. advertising group

BY STEWART FLEMING IN NEW YORK

YOUNG AND RUBICAM has said that it plans to acquire Marsteller in a deal which it is claimed will knock J. Walter Thompson from its position as the largest U.S. advertising agency.

Both are privately held and no details of the financial terms of the transaction have been released.

Over the past year there has been a series of mergers between large U.S. advertising agencies. Last year Ted Bates and Company merged with Campbell-Mithun to create a group with combined billings of around $1bn (£500m) at the time and a week later the Interpublic Group started moves to acquire SSC and B.

Several factors are given to explain the merger trend in the advertising industry. Many agencies have been doing well over the past couple of years and even though they can spend in order to grow. Mergers may also help to improve a company's geographic or industry coverage and perhaps strengthen segments of its business where it feels weak.

The smaller companies being acquired may sometimes feel that their size has become a disadvantage in pursuing the bigger accounts. Another factor which could affect the trend is the merger wave on Wall Street which is bringing together some major corporations.

Last year Mr. Edward N. Ney, chairman of Young and Rubicam, which had billings in its latest fiscal year of $1.36bn said: "We want to be the biggest and the best in commercial persuasion. We want to flesh out our geographic network and range of services."

Marsteller is the largest industrial advertising agency and has been anxious to expand its consumer business. Its total billings last year were $306m.

It will bring to Young and Rubicam its Burson-Marsteller public relations division, which is vying with Hill and Knowlton as the leader in international public relations.

Marsteller is also facing a change of management at the end of the year when Mr. William A. Marsteller, founder and chief executive, who is 65, will retire. As it is a privately held concern this could be a factor in the deal.

● The world's largest advertising agency, according to the latest survey by Advertising Age of Chicago, is Dentsu of Japan with 1978 gross income of $321.4m on gross billings of $2.21bn. Gross income last year for the remainder of the world's top ten was: J. Walter Thompson, $221.5m; Young and Rubicam, $204m; McCann-Erickson, $199.5m; Ogilvy and Mather International, $153.9m; BBDO International, $132.4m; Ted Bates, $130.9m; Leo Burnett, $129.5m; SSC and B Lintas, $127.8m; Hakuhodo, $114.2m.

The biggest agency group is Interpublic of the U.S., whose agencies include McCann Erickson and Campbell-Ewald International. Interpublic is also negotiating to buy SSC and B: Lintas.

Lord Thomson to see print union leaders

BY ALAN PIKE, LABOUR CORRESPONDENT

LORD THOMSON of Fleet, chairman of the International Thomson Organisation, is to meet leaders of the National Graphical Association to discuss the dispute that has halted production of Times Newspapers' publications for seven months.

It will be the first meeting between Lord Thomson and the union at the centre of the conflict over the introduction of new computer-based typesetting since Times Newspaper management suspended all publication on November 30.

Lord Thomson declined a previous request for a meeting from Mr. Joe Wade, NGA general secretary, shortly after the suspension of publication. However, he responded to a renewed request from Mr. Wade and Mr. Les Dixon, NGA president, after the Thomson Organisation annual meeting on Wednesday.

No date has been fixed for the meeting but it is expected to be next week. Mr. Wade has cancelled a visit that he was to have made with a union delegation to East Germany next week.

Mr. Wade said yesterday that he could not predict what the meeting might produce, but the fact that it was taking place gave cause for hope.

Last week the NGA national council decided to find new jobs for its 600 members at Times Newspapers and union leaders declared that they did not think the newspapers were likely to reappear. The union has not yet begun implementing the decision but will do so if the meeting with Lord Thomson proves fruitless.

Lord Thomson said yesterday that he welcomed and was glad to respond to the union request for a meeting. He will be accompanied by Mr. Gordon Brunton, president of the International Thomson Organisation; Sir Denis Hamilton, chairman and editor-in-chief of Times Newspapers; and Mr. Duke Hussey, chief executive of Times Newspapers.

Times Newspapers has failed to agree with the NGA on the company's demands that NGA members must eventually share access to the new composing system with journalists and advertising staff.

The management also has important outstanding points of difference with sections of the National Society of Operative Printers, Graphical and Media Personnel.

Barrage of criticism over 30m undelivered letters

BY JOHN LLOYD

THE POST OFFICE, which now has a backlog of some 30m undelivered letters throughout the country—and which faces a possible halt in supplies of stamps because of threatened industrial action by clerical workers, took a barrage of criticism yesterday from users' groups and Conservative MPs.

Sir William Barlow, the Post Office chairman, said in a speech in Birmingham last night that interest charges on money borrowed from the postal business to cover the shortfall in telecommunications revenue—a result of telephone billing being halted for 10 weeks by industrial action—had now reached £35m.

Sir William admitted that the problems faced by the corporation for the past five months had been "unprecedented." But he said that if there were no further industrial troubles, its problem period "had just about reached the bottom of the trough."

He warned that if he conceded pay claims of up to 30 per cent, it would mean "very heavy increases" in post and telephone charges.

The principal moves yesterday were:

● A plan to introduce a Bill in the Commons under the ten minute rule to end the Post Office monopoly. Mr. Neville Trotter, who will move the Bill, said that "as postal services grind to a halt and the business community is severely handicapped, there can no longer be an argument that private enterprise should not move in." Mr. Trotter has written to Sir Keith Joseph, the Industry Secretary, requesting Government support.

● A call from the Conservative Selsdon Group to the Government to "stop shielding the Post Office from competition." It said that "private firms operating in competition would get the nation's mail delivered efficiently and cheaply."

● An open letter to Sir William from the Mail Users' Association, the independent body representing a number of large mail users, calling on him to give "a realistic assessment of what users can expect from the postal service in future, and a full and open admission of current problems." Mr. Robin Fairlie, chairman of the MUA, said that he and his colleagues had treated claims that posts were "dead" with scepticism, "but we had reckoned without the suicidal tendencies of the postal business."

● Advertisements placed by pools promoters to advise their customers to use collectors, rather than the post.

One piece of qualified good news for the corporation last night was a drop in the volume of undelivered mail—from 32m letters on Wednesday to 30m yesterday. It is too early, however, to know whether it marks a trend.

Comecon agrees on nuclear power switch

BY DAVID SATTER IN MOSCOW

AN AGREEMENT on the manufacture of equipment for atomic energy stations, was signed yesterday by the Prime Ministers of Comecon, the Eastern Blocs economic grouping. It will prepare the way for the massive transition to nuclear power envisaged for the Eastern Bloc in 1981-1990.

The Comecon summit also concluded its three-day meeting with a promise by the Soviet Union, Comecon's principal energy supplier, to increase its deliveries of fuel and energy by 20 per cent in 1981-85.

The pledge comes at a time when the Soviet Union is experiencing increasing difficulty in exploiting its reserves of fossil fuels. The rate of increase in Soviet oil production is falling and oil production targets for the first part of this year have not been met.

The agreement on diversifying the manufacture of atomic power station equipment will underpin achievement of the goal of increasing the nuclear power generating capacity of Comecon from its present level of 15 to 18m kilowatts to 150m kilowatts by 1990. The Soviet Union and Czechoslovakia are to manufacture the reactors, with the Soviets manufacturing energy complexes with a capacity of 1m kilowatts each, rising eventually to a capacity of 5m kilowatts, and Czechoslovakia producing units with a capacity of up to 440,000 kilowatts.

Other Comecon countries are to produce various components for atomic power stations and 37m kilowatts of the total 150m kilowatt capacity is to be located in eastern Europe and Cuba.

There was no indication at the meeting what form the promised increase in Soviet energy deliveries would take in 1981-85. But a large share of the new atomic energy generating capacity is to be located inside the Soviet Union and built co-operatively by Comecon.

The Comecon session also adopted two "programmes" for co-operation in the manufacture of consumer goods including colour televisions and furniture and co-operation in transport including improvement of the railways linking the Soviet Union, Czechoslovakia, and Hungary and reconstruction of the roads linking Moscow, Warsaw and East Berlin and Moscow, plus Bucharest and Sofia.

Mr. Alexei Kosygin, the Soviet premier, said in a speech at the session, that the Soviet Union will have delivered almost 370m tonnes of oil, 46m tonnes of oil products and 88bn cubic metres of natural gas and 64bn kilowatt hours of electric power to Comecon countries in the five-year period which ends in December, 1980.

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Lombard Page 22

Half-year record 1m car sales

By Kenneth Gooding, Motor Industry Correspondent

HALF-YEAR new car sales in the UK have topped 1m for the first time.

As a result the industry's forecasters are adjusting their estimates upwards. It is widely expected that registrations this year will reach a record 1.7m compared with the previous peak of 1.66m in 1973.

However, the Society of Motor Manufacturers and Traders is still conservatively estimating sales of 1.62m for the year.

The 1m mark was passed with six trading days still to go in June. That suggests that by the end of the month the half-year sales will reach 1,020,000 compared with the 916,055 in 1973.

The outcome for the year depends on August, when the new "V" registration letter is introduced. It is a month when private buyers like to take delivery of new cars.

The August registrations may reach around 230,000. There would have to be a steep drop in the following months for the 1973 sales record to be missed.

The figures for June are certain to set a record for the month and be around 190,000 against the 142,035 peak in 1973.

The market was already very buoyant and was given extra impetus, first by pre-Budget buying and then by the beat-the-VAT spree.

Importers benefited from the demand and took more than 56 per cent of the market with six days to go. Datsun, with nearly 6 per cent and Volkswagen-Audi, with 3.5 per cent, headed the traditional importers.

Ford's market share fell to 24.5 per cent while BL's rose to over 21 per cent—another sign that private rather than corporate buyers were out in force. Ford's imports were also down. Its assembled - overseas vehicles accounted for around 12 per cent of the total market.

Vauxhall continued to struggle in June because of production difficulties and could manage only a 6.5 per cent market share. Chrysler UK's was around 7.5 per cent.

Of the individual models Austin Morris's Mini, which celebrates its 20th anniversary in August, has pushed its share of the car market in June to nearly 5.5 per cent.

When final figures appear it is likely that 10,000 Minis will have been sold during the month, a 10 per cent rise on the figure for May when 9,075 were sold (4.7 per cent of the market).

Film industry tax changes proposed

BY ARTHUR SANDLES

SWEEPING CHANGES in tax for the British film industry are proposed by Sir Harold Wilson's Interim Action Committee on the Film Industry. Its report suggests the changes to make it easier for investors and participants in the industry to keep profits and earnings.

The report also recommends changes in the UK film support system—Eady money—to stop cash going to soft-porn and sex exploitive productions.

The committee feels that there is no shortage of film money in Britain, but that it is not spent to the industry's best advantage. "American companies show drive and initiative that are all to seldom shown by British companies. The talent that grows in Brtain is not nurtured in Britain, it would seem."

The attraction of the U.S. industry, together with high rates of personal taxation in the UK, has led to a talent drain to Hollywood.

To bring more money into British production and distribution the committee urges

● Tax relief for companies or individuals investing in films by treating losses as trading losses, as with banks and other financial institutions.

● Expenditure on film production should be immediately tax deductible.

● Cinemas should be given more generous tax allowances such as those for hotels.

The committee wants individuals to be able to work on British films for 120 days a year without incurring tax on world-wide income. Their income should be averaged over at least three years.

Eady money is a fund created by a levy on all box office sales and redistributed to British-made films according to their gross takings. The committee is alarmed by the amount of cash this gives to X-rated sex movies.

The committee says no more than half the Eady fund should be distributed automatically. The rest should be distributed in a discretionary way by a proposed British Film Authority. Total Eady money would be limited to a ceiling equal to the labour costs of a film.

The Financing of the British Film Industry: Second Report of the Interim Action Committee on the Film Industry. Cmnd. 7597. SO. 40p.

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Dollar under pressure

The Bundesbank bought $20m at the fixing and probably significantly more during the rest of the day.

The Bundesbank Council yesterday unexpectedly failed to take steps to counter West German inflation, such as tightening credit. This may have been partly in order to avoid encouraging movement into the D-mark.

The renewed pressures on the dollar, following the marked weakness of the past 10 days, was in response to the latest U.S. trade figures and to the results of the OPEC meeting. But the shortening of credit periods by the Saudis is likely to increase demand for the dollar.

The OPEC meeting and the weakness of the dollar boosted sterling. Any Bank of England intervention to check the rise is likely to have been very small-scale.

The trade-weighted index rose by 0.4 points to 69.4, its highest level since March 1976. This is an appreciation of nearly 3 per cent in the fortnight since the Budget, and of 8½ per cent since the beginning of the year.

Sterling gained against the main Continental currencies—rising from DM 3.98 to DM 4.00¼—as well as against the dollar. The pound touched a peak of $2.1775 at one stage, before slipping back to close 1.30 cents up on the day, at $2.1690, the highest finishing level since July 1975.

The strength of sterling at last spilled over into the gilt-edged market, which until yesterday had been drifting nervously. There were gains of up to half a point in long-dated stock, and the Government Broker was able, for the first time, to sell small amounts of the 1984 and 1999 tap stocks at slightly above last week's issue prices.

Sales of the 1999 stock were largely nominal and the market is still not firmly based.

Some overseas interest was reported yesterday but most recent inflows from abroad have remained in very short-term deposits.

Continued from Page 1

Tokyo summit energy differences

based on the existing agreement by members of the Paris-based International Energy Agency to try to cut oil consumption by 5 per cent in 1979.

West Germany suggested as a fallback position the Community's undertaking at last year's nine-nation Bremen summit to set an annual EEC import target of 500m tonnes of oil—slightly higher than the actual 1978 figure. This avoids the need for a new Community decision to change the Strasbourg guidelines, because the target has already been adopted by all nine nations.

French officials said the U.S. seemed willing to compromise, and that there was general acknowledgement that all countries must agree to "an equal balance of commitments."

Canada, which had earlier taken the toughest line against medium- or long-term restrictions, appeared to be wavering in its resistance to cuts in 1980-1985.

A distinction between short-term "targets" and medium-term "goals," also being touted last night, envisaged combining a less firm goal for 1985, to suit the Americans, with specific figures for only this year and next, in deference to the Community's objections.

European officials felt the U.S. had yet to show real willingness to accept a big cut in imports—essential if any new programme is to succeed.

Mr. Roy Jenkins, President of the EEC Commission, said the latest OPEC oil price decision would probably cost the OECD countries about $20bn in balance of payments terms. He warned of the near prospect of a major crisis for the world economy.

Gloomy outlook for exports

THE LATEST survey of business opinion by the Confederation of British Industry's West Midlands region shows a disturbing outlook for exports.

Mr. Steve Rankin, the CBI's regional director said last night that overseas sales have been sustained only by accepting a big reduction in profits. Exporters had to contend with higher oil prices, a strong pound and increased competition.

THE LEX COLUMN

A new OPEC cash mountain

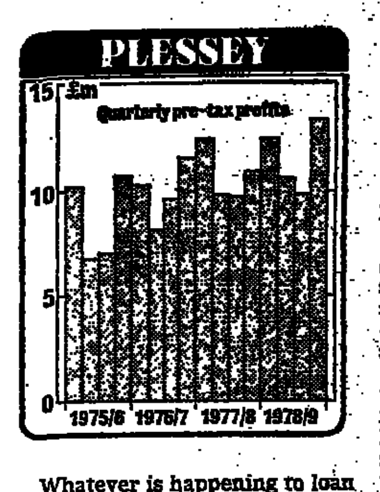
Except among gold bulls, for whom the price of oil cannot go high enough, there seemed to be some relief in financial markets yesterday that the OPEC meeting had let the world off with a mere $23.50 a barrel. The relief may not last very long. OPEC's investible—that is unspendable—surplus this year is going to be enormous; stockbrokers Hoare Govett are estimating something of the order of $45bn, against $10bn or less in 1978.

In the second half of this year the surplus is going to be running at an annual rate of around $70bn, and the effect on currency market flows will be even greater if the other OPEC countries follow Saudi Arabia in cutting the credit period offered to the oil companies from 60 days to 30. This decision by the Saudis alone will increase OPEC's cash-flow by $5bn—if it were universally applied the figure would be nearly $20bn.

The dollar can expect to receive substantial technical support from the price rise and the tightening of credit terms, with a once-and-for-all increase in demand for dollars as the oil companies face higher bills. It could do with more than a little help; Bundesbank intervention to support it has swelled the German reserves by $1bn in a week. But just as the strength of the dollar this spring following the earlier rise in the oil price proved short-lived, so it may be this time, as the OPEC countries may be more than usually keen to diversify their currency risks.

Sterling is an obvious beneficiary of any such diversification, particularly at present interest rate levels, which will only intensify the British authorities' difficulties. In any but the present extraordinary monetary circumstances, interest rates would be falling steeply. There are signs, albeit tenuous, that loan demand has fallen off abruptly since the VAT-inspired spending boom stopped in its tracks a fortnight ago. If these are confirmed, and if all the exceptional items boosting credit demand over the last few months are being reversed, then the credit squeeze could suddenly seem less menacing. It might only need a very slight easing of interbank rates as a result of slackening loan demand to tempt the large sums of overseas money now on deposit in the domestic and external sterling markets to flood into gilt-edged.

Index rose 2.4 to 469.3



Whatever is happening to loan demand, the higher oil price could increase the viability of the sterling markets. Whether or not investors were sniffing a petrodollar bull market yesterday, they were nibbling at the two gilt-edged tap stocks, perhaps to the tune of £100m nominal.

Plessey

As ever, there are two images of Plessey. There is the growth company in the glamorous electronics sector, with final quarter pre-tax profits surging to £13.3m, up more than a fifth on the same quarter last time, while the year-end order book has risen by an impressive 22 per cent to £817m. But there is also the untidy electrical conglomerate which has taken five years to push up pre-tax profits from £40m to the latest £46.2m and is a dab hand at extraordinary charges to keep at least some of its problems below the line. This year £4.2m of reorganisation costs at Garrard, for instance, are treated as extraordinary, including some that went above the line in earlier quarterly results.

At least the sale of the ICL stake in January has given Plessey a financial breathing space. After the receipt of £33.5m there is an overall improvement of £23.5m in liquidity, while the net dividend goes up by 15 per cent (though it is doubtful whether a payout of £14.9m is covered on a current cost basis) and the group is able to loosen its purse strings and budget for a capital spend of over £40m in the coming year. This would mark real growth, after several years in which Plessey has spent less than its replacement cost depreciation charge.

But how is the group to pay for the higher spending, and finance the working capital requirements of a big order book? The answer is claimed to be out of higher profits. Certainly there is scope for trimming losses which ran at a combined total of over £10m at Garrard and Edge Lane in 1979, but Plessey also needs to step up margins generally. The two way bet for the shares at 105p, where the yield is 8.9 per cent, is that Plessey could succeed and push profits above £55m or it could fail in which case the predators would be sharpening their teeth.

Meanwhile Plessey's rival in telecommunications STC made its market debut yesterday at 178p, a premium of just over a tenth on the offer price. At that level its yield is trimmed to 6.4 per cent, but the fully taxed p/e is still comparable with Plessey's 11.4.

Redland

Redland's profits for 1978-79 are up from £39.9m to £45m pre-tax, and they would have been £2m or £3m higher still but for bad weather and the haulage strike which sent the figures into reverse in the second half. The UK now accounts for around a third of Redland's profits these days, which is just as well since the short term outlook at home is not inspiring.

The group expects UK housing starts to fall by up to 5 per cent this year, and activity in other sectors will also be down. In addition profits in the first six months have been hit by more bad weather in April and May.

However the German business, which accounts on a calendar year basis and had an appalling start to the year, is now recovering strongly and the U.S. acquisitions could bring in an initial £4m or more before minority interests. Further sizeable investment in the U.S. is in view, and that can comfortably be accommodated within Redland's strong balance sheet. Debt now represents just over a fifth of shareholders' funds.

So profits this year should be usefully higher and there is a clear hint of a healthy increase in the dividend, which as promised has gone up by 50 per cent. The latest payment is covered 3.7 times (or 2.3 times on a current cost basis) and gives a yield of 5½ per cent at 176p.

Weather

UK TODAY

SHOWERS and sunny intervals

London, S.E., S.W. and Cent. S. England, Channel Is.

Dull and misty start, becoming brighter. Max. 18C (64F).

E. and Cent. N. England, Midlands

Scattered showers, sunny intervals. Max. 18C (64F).

Wales, N.W. England, Lakes, Isle of Man

Showers with sunny intervals.

N.E. England, Borders, Edinburgh and Dundee, Aberdeen

Scattered showers with sunny periods. Winds fresh or strong.

S.W. and N.W. Scotland, Glasgow, Cent. Highlands, Ulster

Heavy showers in places. Bright intervals. Winds strong with coastal gales. Max. 15C

Moray Firth, N.E. Scotland, Orkney and Shetland

Mainly cloudy, heavy showers. Strong winds. Max. 13C (55F).

Outlook: Sunny periods and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	Lisbon	S	25	77
Algiers	S	29	84	Locarno	F	27	81
Amsdm.	F	21	70	London	S	20	68
Athens	F	32	90	Luxmbg.	F	22	72
Bahrain	S	35	95	Luxor	S	36	97
Barclna.	S	28	82	Madrid	F	26	79
Beirut	S	28	82	Majorca	F	27	81
Belfast	R	17	63	Malaga	S	26	79
Belgrd.	S	31	88	Malta	S	30	86
Berlin	S	21	70	M'chstr	C	18	64
Biarritz	C	19	66	Melbne.	C	11	52
Bmghm.	C	17	63	Milan	S	28	82
Blackpl.	R	15	59	Mntreal.	F	21	69
Bordx.	F	23	73	Moscow	C	20	68
Boulgn.	Fg	12	54	Munich	F	21	70
Bristol	C	17	63	Nairobi	S	25	77
Brussels	S	20	68	Naples	S	28	82
Budpst.	F	30	86	Nwcstl.	C	17	63
B. Aires	S	16	62	N. York	C	22	72
Cairo	S	30	86	Nice	S	26	79
Cardiff	C	15	59	Nicosia	S	28	82
Cas'b'ca	C	22	72	Oporto	S	28	82
Cape T.	S	16	61	Oslo	C	16	61
Chicago	C	25	76	Paris	F	23	73
Cologne	F	22	72	Perth	C	18	64
Cpnhgn.	F	18	64	Prague	Fg	16	61
Corfu	S	30	86	Reykjvk.	R	8	46
Dublin	R	17	63	Rhodes	S	30	86
Dbrvnk.	S	28	82	Rio J'o	C	26	78
Ednbgh.	C	16	69	Rome	S	29	84
Florence	S	31	88	Salzbrg.	R	19	66
Frankft.	C	22	72	Singapr.	S	32	89
Funchal	C	20	68	Stckhlm.	S	21	70
Geneva	S	22	72	Strasbg.	S	23	73
Gibrltr.	S	24	75	Sydney	S	20	68
Glasgow	R	13	56	Tangier	S	24	75
G'msey	C	15	59	Tehran	S	29	84
Helsinki	C	17	63	Tel Aviv	S	27	81
H. Kong	C	29	84	Tenerife	C	16	61
Innsbrk.	C	19	66	Tokyo	C	26	79
Invrnss.	C	15	59	Toronto	F	19	67
I.o.Man	C	14	57	Valencia	F	24	75
Istanbul	S	29	84	Venice	F	27	81
Jersey	C	16	61	Vienna	C	23	73
Jo'burg	S	15	59	Warsaw	R	22	72
L. Plms.	C	22	72	Zurich	S	22	72

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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